APRIL 8, 1955 20 CENTS

APR 5 1955

U.S. News & World Report

RAILS VS. AUTOS: NEW BATTLE AHEAD

AGRICULTURE EXPERIMENT STATION

APR 5 1955

PURDUE UNIVERSITY

IF H-BOMB COMES—

What You Can Do About It

EXCLUSIVE INTERVIEW with
VAL PETERSON
U.S. Administrator
of Civil Defense

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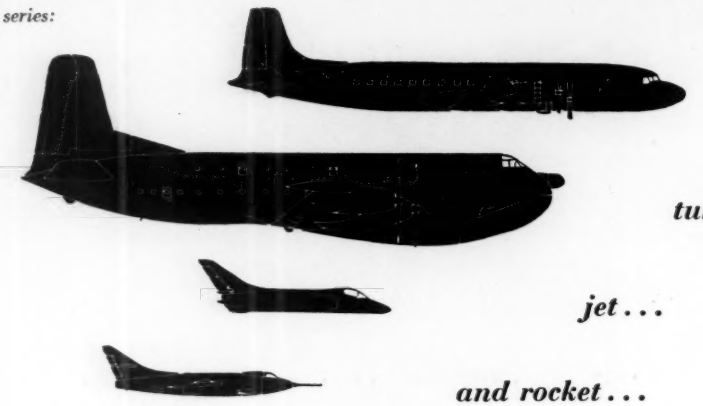

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Why 62,000,000 Americans have good jobs

ONCE upon a time there was a young man who had a good suit on his back, but he also had a job and a few dollars in his pocket and he felt pretty good about things and decided to splurge a bit and buy another suit he saw in the window.

Fortunately he hadn't read that morning that the country had reached some sort of debt limit. And he didn't understand the gold standard. And whether tariffs ruined business or helped it, he never quite understood.

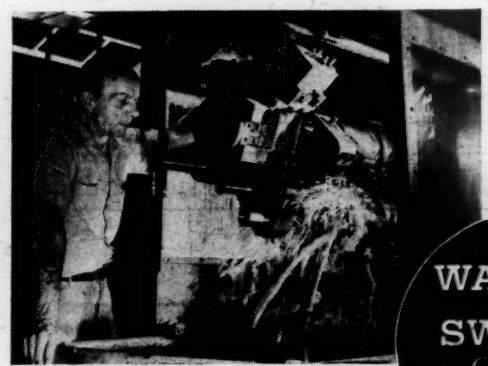
He just felt pretty good and he wanted another suit. So he bought one.

And a few million other young men felt the same way and bought a suit or a new car or made a payment on a home.

The sum of these purchases is 62,000,000 Americans at work at good jobs.

That's America. Some call it self-confidence.

They're the same thing.



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IN THIS ISSUE

★ What's Happened to Those White House Stag Dinners?

For two months now, Mr. Eisenhower's customary stag dinners have been held once a week in great secrecy. No guests lists are published, and no one is supposed to admit having attended. How are these dinners working out? Who's attending them? What do the diners talk about? The inside story starts on page 26.

★ When Russia Almost Got 10 Billions

Why, when Russia asked for a loan of 6 billion dollars, did some U. S. officials try to lend her more? Here, from official Yalta records, is the whole strange story. Page 55.

★ How Good Are Your Dollars Now?

For a long time, beginning in 1939, the dollar steadily lost purchasing power. You realized this from the higher prices. But things are different today. How? Turn to page 35.

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The March of the News

NEW DRIVE ON POLIO

A POWERFUL DRIVE against paralytic polio appeared to be close at hand. The Salk vaccine, developed by Dr. Jonas E. Salk, and given to 440,000 school children last spring, apparently will get a much wider trial this year.

Official evaluation of last year's test was still going on at the University of Michigan, but reports seeping out across the nation were encouraging. In Fairfax County, Virginia, where 2,300 children had been inoculated with the vaccine, only one 9-year-old girl was stricken with polio, and she recovered without suffering paralysis.

From Indiana, Louisiana, Oklahoma and Washington, D.C., came reports of a few polio cases among children inoculated last year. Public-health authorities pointed out that no one had expected the vaccine to be 100 per cent effective.

Five major pharmaceutical houses that make the Salk vaccine were reported ready to increase production, on the assumption that the vaccine is effective.

MORE PAY FOR MILITARY

ALARMED AT THE EXODUS of trained men from the armed forces, Congress voted to hike military salaries by a whopping 745 million dollars. Pay increases ranging from 6 to 25 per cent will go to enlisted men with two years' service or more, and to officers with three years' or more.

Idea is that it is cheaper to persuade trained men to remain in service by increasing their pay than it is to train new men. It costs $9,000 to train one Army radio repairman; $120,000 to train one jet pilot, and $275,000 to train one B-47 bomber pilot, Congress was told.

Between 1.5 million and 2 million officers and enlisted men will benefit from the new pay incentives. Biggest dollar boost goes to three and four-star admirals and generals, who often are enticed out of military service by lucrative offers from private business. They'll get up to $283 more per month.

LITTLE PRIVACY LEFT?

ELECTRONIC EAVESDROPPERS, capable of listening in on conversations without direct wire connections, were described in eerie detail at a congressional hearing. Bernard Spindel, of New York, a private investigator specializing in wire tapping, held a House Judiciary subcommittee spellbound with these claims:

A "remote control" telephone tap can pick up a conversation inside a room even though the telephone receiver has been hung up.

One eight-inch-long device can pick up a conversation between two persons on a beach or in a rowboat from a distance of 100 to 300 yards.

A conversation inside the Capitol's House Office Building can be recorded by several methods from any distance up to 20 miles.

As startled legislators invited Mr. Spindel to come back after the Easter recess and demonstrate his gadgets, Representative Peter Rodino (Dem.), of New Jersey, mused that the only defense against the new devices was apparently "to stop talking altogether."

FARMER PURGE

THE BIGGEST PURGE since the 1930s was in store for Soviet Russia's collective farmers. Communist Party boss Nikita S. Khrushchev made the ominous announcement.

"Some tens of thousands of particularly experienced workers of party and Government organization" will be shifted to farms, he said, to replace managers of "farms that are lagging behind."

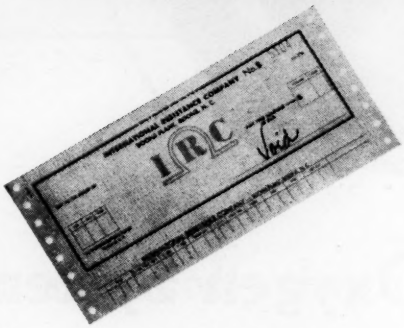
Mr. Khrushchev had nothing to say about the fate of the "tens of thousands" of collective-farm chairmen who will be replaced. But he issued a warning to farm underlings. Those who damage farm machinery, or treat it negligently, he said, should be punished.

BERLIN "BLOCKADE"

BOOMING WEST BERLIN, an oasis of prosperity in drab Eastern Germany, received a warning jab from its Communist neighbor. East Germany suddenly raised the tax on heavy trucks traveling from Berlin to the West from about $5 to about $50 per round trip. That meant truckers couldn't operate without a Government subsidy.

West Berlin officials dubbed the move a "cold blockade," in retaliation for West German ratification of the Paris agreements on rearmament. Berliners know that their thriving economy now is much more dependent on trade with the West than it was in the stagnant days of the 1948-49 blockade.

Another bad sign: Much of West Berlin's heavy freight moves into the British zone by barge under a British-Russian agreement. And the Russians have been stalling on this year's renewal of that agreement.



International Resistance Company writes pay checks—500 miles away—by Bell System teletypewriter

International Resistance Company, of Philadelphia, has plants in Asheville and Boone, North Carolina. It used to take up to three days to write and mail the company payroll checks.

Today, using private line teletypewriter service, the payroll for both plants is handled in about two hours! Payroll information is prepared on tape and fed into the transmitter in Philadelphia. Actual pay checks instantly come out of the machine in North Carolina—some 500 miles away—requiring only an authorized signature.

This service eliminates the expense of maintaining payroll systems in the branch plants. It saves a tremendous amount of time. And when the teletypewriters are not writing checks, they're speeding special orders, specifications and performing other duties.

If you would like to see how you may save time and money on your communications, the Bell System will be glad to survey your needs at no cost to you. Call our Business Office and talk it over with your Bell Telephone representative today.

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Bendix* Liquid Oxygen Systems

breathing and atmospheric pressure

OUR military fliers want every foot of altitude they can get for one reason only—the man on top has a better chance to win the battle. So we are now engaged in an intense struggle building planes that can fly higher and life-sustaining apparatus which permits men to invade the completely alien World of the High Sky.

Up there fearsome and terrible things can happen!

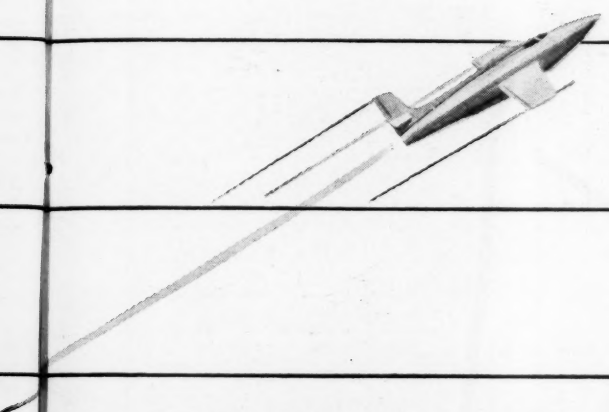
Here on good old Mother Earth our bodies are accustomed to great pressure from the weight of the vast sea of gases above us. So sensitive are we to any change in altitude that even a ride in an office building elevator sometimes makes our ears pop.

You can well imagine what the problem is at 70,000 feet and higher where our latest rocket planes fly.

First we have to make oxygen gas. There's not enough room any more in military planes to carry bulky gaseous oxygen tanks. The new Bendix Liquid Oxygen System makes large quantities of this vital gas from a small container of liquid oxygen. It saves much space and weighs far less.

Next we have to regulate the flow—see that the man gets it in just the right amounts because too much is as bad as too little and his requirements change as he goes up.

Now the going gets rougher. Even though you are giving him pure oxygen, a man isn't physically able, at extreme altitudes, to gulp in all he needs. So this Bendix System has to *pressure* pump oxygen at the *correct* pressure into his lungs and through the membranes into the blood stream. At the same time, to keep him from literally blowing up, it applies equal



This is how you equip a man to Live in the thin, cruel air of the High Sky!

automatically duplicate normal conditions to sustain life!

pressure to the outside of his body within his pressure suit! And it does all these things exactly, automatically and unfailingly because a man's life is at stake.

The Bendix Liquid Oxygen System is made by our Pioneer-Central Division, Davenport, Iowa. It's one of many systems Bendix has developed and is producing now which solve some of the complex problems our military forces are faced with these days. For more about Bendix we invite you to write for the brochure "Bendix and Your Business."

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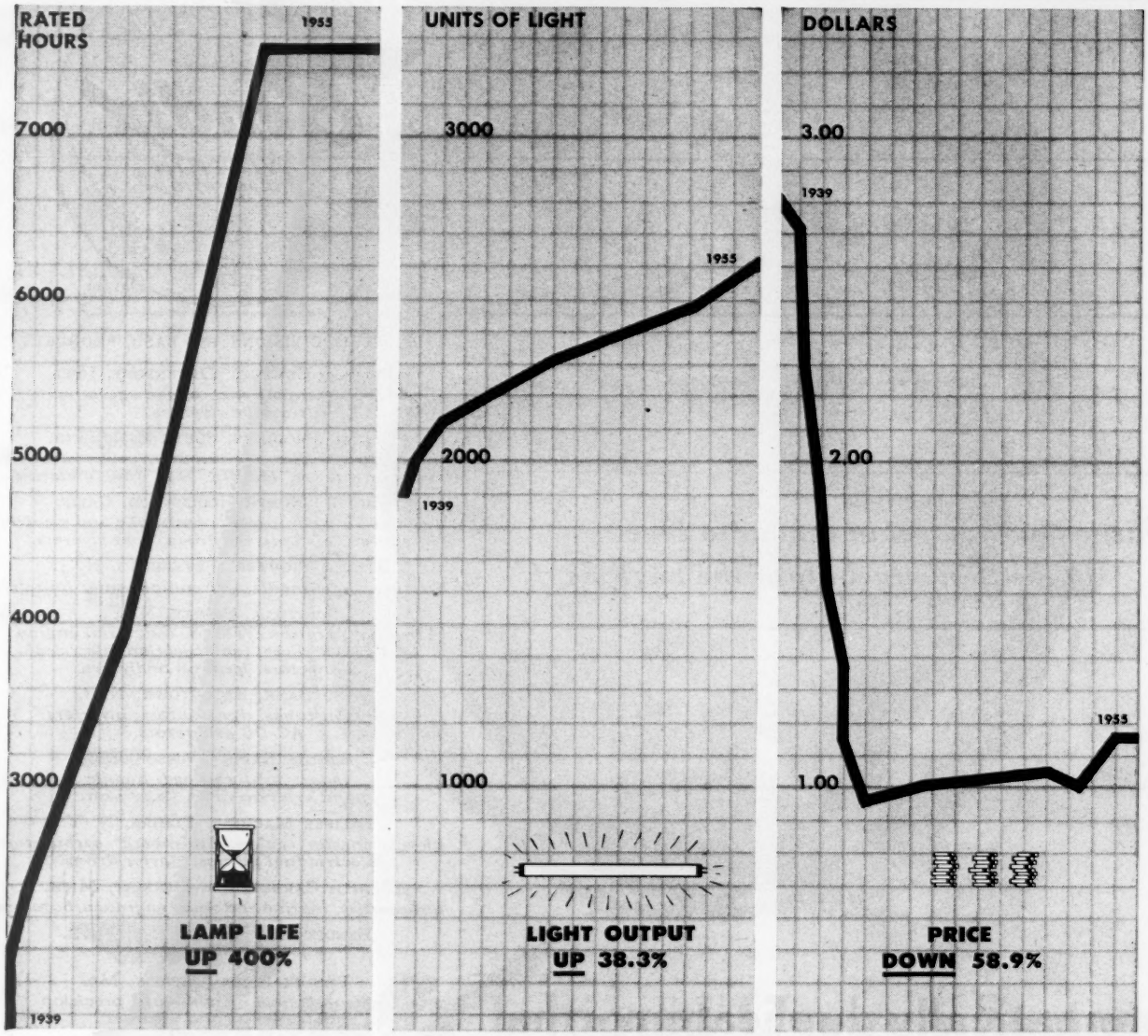
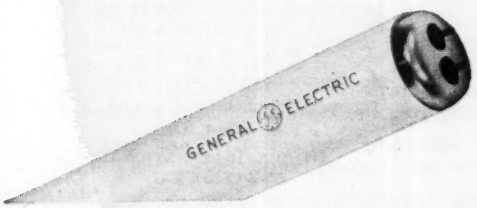


16 times more value for your fluorescent lamp dollar than in 1939



Today you don't have to pay more than $1.15 for the finest fluorescent lamp made: General Electric. Sixteen years ago it would have cost you $2.80 or $1.65 more. And while price has been going down, we've been pushing quality up. General Electric has upped light output 38%, increased lamp life 400%.

In terms of what you really judge lamps by, a General Electric 40-watt fluorescent lamp that lists at $1.15 today is a *16-times bigger value than it was in 1939.*

For further information, contact your G-E lamp supplier or write to Lamp Division, General Electric, Department 166-US-4, Cleveland 12, Ohio.

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A LOOK AHEAD

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Before getting too excited about war around Formosa, remember this:
U.S., in short order, can blast nearby Communists to kingdom come.
Communists, no matter how hard they try, cannot hurt U.S. in return.
Result: No fight, if Communists figure U.S. will be in it.

Then everything is settled? Not at all. Why not? Because U.S. is not making clear what it will do if the Communists strike. What will it do? It all depends, probably, on Communist tactics. How's that? If Communists just nibble at the Quemoy and Matsu island groups, if they then try direct attack and do not bother the U.S. Seventh Fleet or attack Formosa by air, maybe they can have the islands, if they can take them from Chiang Kai-shek.

But what if they swing wild? Then there's no doubt about it, they will get smacked. Would that mean big war? It's highly improbable. Why not? Simply because the immediate job would be a quick move to destroy the Red Air Force, its gasoline supplies and airfields, which are very vulnerable.

Bear in mind: Communist China has only the most primitive of industries, the most primitive supply lines. It cannot support a sustained operation in the air, against U.S. forces, at a point as remote from Russia as Formosa.

If U.S. shoots, will it then have to conquer all of Communist China? No. It would merely be defending Formosa. Can any fight be limited? Yes. U.S. has slapped down minor powers many times without big war.

But wouldn't the Communists be very angry? Maybe so. There's nothing they can do to hurt U.S., however, so anger will not do them much good.

Why go to this trouble? Why not just give the Communists the islands? Eisenhower is under great pressure to do just that, to tell Chiang to get out and let the Communists in. Will he do it? It's not sure, but probably not. Why not? Because a nation, like an individual, cannot always give way without losing reputation. U.S. sold out Nationalist China once before, at Teheran and Yalta. U.S. went along with a sellout of non-Communist Poland at Yalta. U.S. let Communists get away with war in Korea. U.S. talked big and then backed down, letting Communists win a major victory in Indo-China.

It's now a question of how much retreating a nation can do and still have any real friends of the kind who are willing to fight in a pinch. There is the alternative of coming home and letting others sweat it out around the world. That seems to be what other nations are encouraging U.S. to do.

Idea is strongly promoted at home and abroad that U.S. can do nothing that

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is right; that Americans are very annoying, always doing wrong things.

Balk at paying Communists, and Americans are called warmongers.

Test atomic weapons upon which U.S. safety rests, and Americans are held guilty of poisoning the air, trying to destroy the world.

Take a tough line on Communists at home, and Americans are fascists.

It's the same all down the line. Anybody who isn't afraid of a Chinese Communist is described as being a member of a war party. It's all part of a broad effort to de-emphasize American power, to give the country an inferiority complex. The fact is that U.S. seldom has been as strong or secure as now.

There is one scare, strongly promoted, that you now can forget about. It's the scare over A-bomb tests, designed to stop those tests.

On the basis of hard facts, not imagination, not propaganda:

More than 50,000 babies born to Japanese parents who had nearly fatal doses of radioactivity from A-bombs follow strictly normal patterns. They're not monsters, or stunted, or anything different from other children.

Parents, as well as others, receiving high doses of radioactivity have developed some troubles, but far less than pictured. Many lost their hair, but it grew back. A few developed leukemia. Most showed no more damage than would be expected after survival of a terrific bomb burst.

Radioactive fall-out from A-bomb tests in U.S. is so minor as to be of no measureable importance. It's far less than the effect of a tooth X ray.

Propaganda, world-wide, aimed at hurting U.S., got so bad that officials have had to let out information showing what studies and tests reveal. A lot of propaganda balloons are being deflated as a consequence.

Business in U.S. seldom has been as good as it now is. Business rise, strongly under way, is fed by a boom in autos, housing, by a rise in amount of investment by industry, by increased buying of people with rising income.

April, May and June will see near records set for business volume.

July, August and September are likely to see some moderate slowing. A dip in auto output seems certain. Steel will be past its peak, too.

Autumn, however, is almost certain to see a rebound, maybe to new highs. High-level business appears to be underwritten into 1956. In 1956, there will be emphasis upon policies designed to keep things active past the election.

Money supply is going to be kept relatively abundant. Wage rates are due for a slow but steady rise. Unemployment is likely to dip below a level of 2.5 million in months just ahead. Individual incomes will break records.

Only question now is how long the broad recovery can continue without developing excesses that force some adjustments.

Stock market is calmed down somewhat. It may gyrate around present levels until the extent of any summer slack becomes more clear. There's been a wave of speculation in securities that may be affected by atomic-industry growth. People's imaginations may have jumped far ahead of profit prospects in that field. Atomic submarines are here. Atomic aircraft carriers are in sight. Atomic aircraft seem rather far off. Atomic ocean liners may not be so many years away. Atomic locomotives are further away. Atomic power plants to provide electricity will be too high in cost in U.S. for a number of years.

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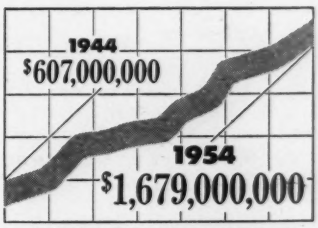
Big-city service...for small towns!

Independents are helping small-town America enjoy a greater share of telephone progress!



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Across two-thirds of the land . . . in 11,000 communities . . . Independent Telephone Companies are advancing telephone progress! To many, this means swift, efficient dial — "big-city" service. And today, even in the smallest towns, modern dial telephone systems are rapidly taking the place of old equipment. As their record of modernization grows, America's 5,000 Independent Telephone Companies are growing too . . . in size . . . in strength . . . in service!

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Washington Whispers®

[Items appearing on this page are reported in Washington and other news centers]

Democrats Hit Ike's World War II Role . . . Airmen Sure They Can Stop Mao . . . What Admiral Carney Really Said

President Eisenhower is giving serious thought to a meeting with the Prime Minister of Great Britain, either Sir Winston Churchill or his successor. Purpose of the meeting would be to emphasize the continuing strength of the U. S.-British alliance even during a period of change in the leadership of Great Britain.

★ ★ ★

The President is not at all happy over new Russian gestures aimed at putting a squeeze on Berlin. Berlin's isolation brings up the part that Mr. Eisenhower's top aides played in the failure to assure a land corridor across Russian-occupied territory to Berlin. This failure to provide a supply route from West Germany to Berlin forced the Berlin airlift and continues to prove very costly to the Allies.

★ ★ ★

Democrats are going to try to bring into the open the full story of Mr. Eisenhower's part in keeping Gen. George Patton, at the end of the last war, from occupying Prague, Czechoslovakia, when the Czechs wanted the Americans to come in ahead of the Russians. Ike wasn't involved in the Yalta papers, but Democrats think that his name will crop up if they can get papers dealing with the last days of the war in Europe.

★ ★ ★

Mr. Eisenhower is impressing upon top officials his view that any official who says or writes anything that gets him in trouble must stand the consequences of that trouble. The President is not inclined to accept explanations that the official really didn't say what he was pictured in reports to the press as saying.

★ ★ ★

Gen. Matthew Ridgway, Army Staff Chief, and Adm. Robert Carney, Navy Operations Chief, have written magazine articles that are being held up by new rules cracking down on military officials speaking or writing for publication.

★ ★ ★

Admiral Carney really didn't say at a secret dinner of a few newspapermen that the Communists were going to attack the islands of Quemoy and/or Matsu on or around April 15. That's just what he was reported as saying when the secrets quickly "leaked" and were magnified for public consumption. The Admiral gave a simple briefing on the military situation around Formosa as the Navy sees it, pointing out that, if an attack is to come in 1955, this is the best time for it from an attacker's standpoint.

★ ★ ★

Gen. Nathan Twining and the U. S. Air Force are far less excited about the possibility that Mao Tse-tung's Communists may hit the offshore islands now held by Chiang Kai-shek than are the Army or the Navy. Air Force officers figure that it would be a fairly easy job to knock out the Communist Air Force in event of a fight and then destroy bases and supply lines.

★ ★ ★

James Hagerty, the President's own Press Secretary, is one of those who attended a secret dinner to spill news to a few writers. Mr. Hagerty used the dinner to knock down the idea that war is near. Some Washington correspondents now are saying that you have to go to dinner with the right people to learn whether or not there is to be war.

★ ★ ★

It is surprising how many political dopesters are coming to the conclusion that the next Republican nominee for the Presidency will be Chief Justice Earl Warren, if Mr. Eisenhower balks at being drafted. The President will be in a position to name the man to be chosen if he does step out himself.

Adlai Stevenson, less than 18 months before the national political conventions, continues to show great indifference to the idea of a second try at the Democratic presidential nomination. Mr. Stevenson's friends indicate that they figure a draft movement would look better, if successful, than making an avowed attempt to get the nomination, and they are shaping up plans with that in view.

★ ★ ★

A deal is cooking in Congress between Congressmen interested in raising the minimum wage to $1.25 an hour and Congressmen interested in getting higher support prices for farm products. Labor leaders, however, are becoming concerned that the deal may backfire if the drive for higher price supports fails.

★ ★ ★

Sir Anthony Eden is reported to be considering publication of a British version of the Yalta papers. Sir Winston Churchill, the man who represented Britain at Yalta as Prime Minister, actually has published his memoirs of that period, selling them at a very high price in the U. S. and Britain.

★ ★ ★

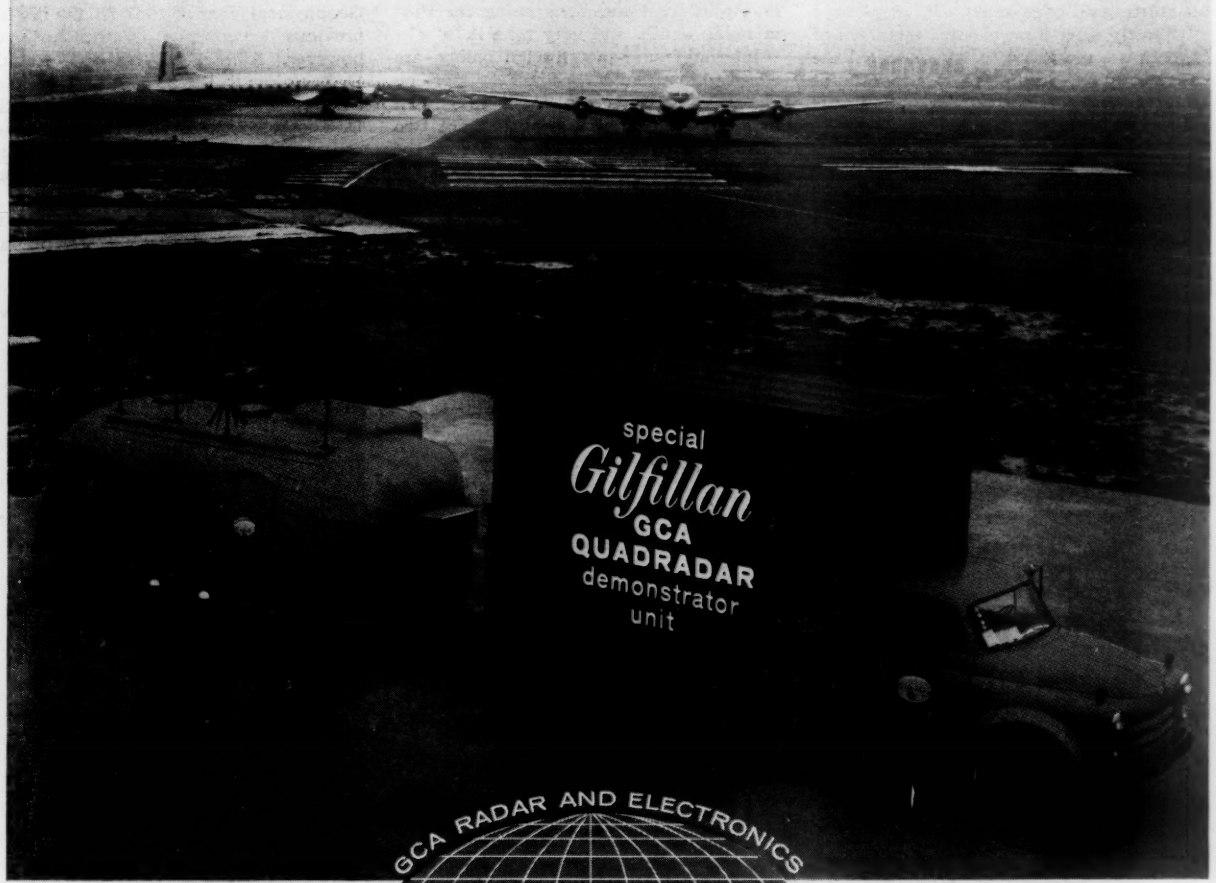
Sir Anthony is somewhat less inclined to see eye to eye with U. S. on issues of foreign policy than is Sir Winston. The former seems to feel that John Foster Dulles, U. S. Secretary of State, is not properly impressed by the British viewpoint on many points of world dispute that concern their countries.

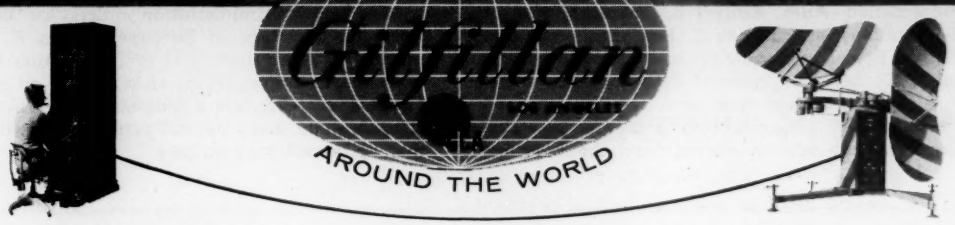
★ ★ ★

Insiders in Britain are predicting that Conservatives will call a general election for either May 26 or June 16, but there is a good deal of hedging on these dates now that Labor Party leaders, in a change of tactics, are deciding to forget their differences for the time being.

on tour...Gilfillan GCA Quadradar

A compact "auditorium on wheels" is now touring military and civil air bases throughout the United States to demonstrate the Gilfillan GCA Quadradar. Inside this streamlined, air-conditioned truck and trailer unit is seating capacity for 12 visitors, as well as the lightweight 4-in-1 Quadradar, a communications system, power unit, motion picture projection equipment and the new Gilfillan radar trainer.





PEOPLE ★ ★ ★

OF THE WEEK

› EZRA T. BENSON is finding that, anytime, year in, year out, he may come up with a political headache. It is his job—Secretary of Agriculture—that carries the built-in trouble. Congressmen of both parties whose continuance in office depends upon votes of farmers are always ready to jump on him with both feet.

Only last summer, the Secretary thought he had won a battle. By a narrow margin, he had overcome the bipartisan farm bloc, won approval in Congress of his plan to install variable price supports for major crops. Now, before any crops have been harvested and sold under his plan, he finds that the battle is starting all over again.

Shortly after Easter, some members of the House are going to try to repeal the Benson plan, restore rigid supports at 90 per cent of parity. Mr. Benson is charging forth to the fight.

Already, the House Appropriations Committee has assailed his policies, trimmed some funds he wanted, increased money for some things he wanted to deemphasize. Mr. Benson answers sharply that the attack was just a political skirmish to hide what he insists is the failure of high supports. Each year he faces a fight with Congress—not necessarily for something new, but just to keep what he's won.

› ITALY'S PREMIER, a tough and realistic Sicilian who smashed armed Communism in Italy with tank-led police, visited President Eisenhower last week and took off on a tour of the U. S. But, when the Premier, **Mario Scelba,** gets back home, his days as Italy's leader may be few. Political trouble is brewing within his own Christian Democratic Party. A left-wing strong man in the party, Amintore Fanfani, is eying the Premiership again, and may take it.

Internal issues—not foreign policy—are what split Premier Scelba's supporters. His own party is too small to govern alone. Its allies in a coalition are two splinter parties—Social Democrats on the left, Liberals on the right. The Government is pulled and hauled both ways. Biggest issue now also splits the Christian Democrats. It is a question of land tenure, with the right wing demanding protection for landowners, the leftists trying to force more security for tenants.

Premier Scelba finds that the deck may be stacked against him for two reasons—a fundamental split on land policy, and the personal ambition of rivals.

› RICHARD E. BYRD is going back to the Antarctic next November on an expedition that may prove important to the United States in future development of that icy area's resources.

Immediate purpose of the retired Rear Admiral's expedition is to prepare observation sites for U. S. participation in scientific studies during the International Geophysical Year of 1957-58. On his four previous expeditions to the Antarctic, however, Admiral Byrd has extended U. S. claims to the area as well as scientific knowledge about its potentialities. U. S. now claims about a million square miles of the Antarctic, and the Admiral maintains that it is rich in coal and minerals.

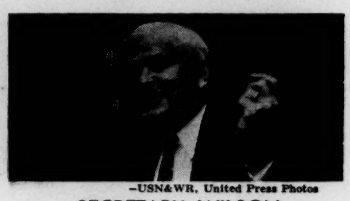
Admiral Byrd is recognized as the world's foremost living explorer of polar

(Continued on page 16)

BEHIND FUROR OVER NEWS "LEAKS"

THE PRESIDENT WITH JAMES HAGERTY

ADMIRAL CARNEY



—USN&WR, United Press Photos

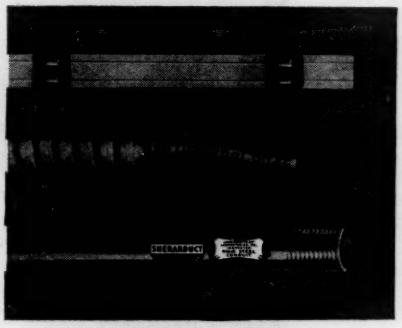
SECRETARY WILSON

› ANONYMOUS MEN in high places often disclose important news unofficially, but insist on keeping their names out of news stories. Names of two who "leaked" such information—**Adm. Robert B. Carney,** Chief of Naval Operations, and **James C. Hagerty,** press aide to President Eisenhower—now are in the open.

Admiral Carney's background remarks were interpreted as saying war may come soon over Quemoy and Matsu islands. Mr. Hagerty countered with a report that the President, who is briefed from the same intelligence data as the Admiral sees, holds no such views. Behind the contradiction is the President's refusal to say in advance whether he will defend the islands.

Meanwhile, Administration orders are out to seal lips, and Secretary of Defense Charles E. Wilson is putting civilians in control of information that comes from the Pentagon, trying to put a lid on speculation. "Leaks," however, are a long-standing Washington institution, and many capital veterans are willing to bet that no lid will stay on long.

Magic in modern living



Your local electrical contractor can rely on NE Wire, Cable and Conduit for complete electrical systems in any type of home.

Lights go on, TV comes to life, laborsaving appliances go to work for us—all at the flick of a switch.

We take it for granted, but back of it all is the modern magic of electricity—and the safe, dependable pathways through which it must travel.

These pathways are the wires, cables, conduits and protective steel channels that make up what are called electrical distribution systems.

As the world's largest producer of a complete line of systems such as these, National Electric will celebrate its fiftieth anniversary during 1955 by continuing to play a major role in delivering electrical power—the unseen magic of modern living.

NATIONAL ELECTRIC PRODUCTS CORP. PITTSBURGH, PA. 50TH ANNIVERSARY 1905–1955

...for Dependable Pathways of Power

National Electric Products

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3 Plants • 10 Warehouses • 36 Sales Offices

regions. He was the first to fly over both poles. He also pioneered in naval aviation, charted new aerial paths across both Atlantic and Pacific and holds the highest U. S. decorations for his explorations and war service.

The Admiral started his travels with a trip around the world alone at age of 12; despite repeated injuries and narrow escapes, is still going strong at 66.

› **AUSTRIA'S CHANCELLOR,** flying to Moscow immediately after Easter for talks with Soviet Foreign Minister V. M. Molotov, will be testing the ice in the "cold war." If Chancellor **Julius Raab** finds Mr. Molotov at last willing to give Austria its independence, chances of an East-West Big Four meeting will go up. But if the Russians insist on being Austria's apron-string guardian, prospects of a fruitful Big Four meeting will become almost nil.

Chancellor Raab is willing to promise that Austria will not join any Western military alliance. He is not willing to parley away Austria's desire for political and economic ties with the West—something Molotov would like because it would give the Soviet Union a chance to keep Austria in fief even if Soviet troops withdrew.

The Chancellor, educated as an engineer and self-educated as an economist, is a hardheaded man. In two years, he has put Austria's trade and finances in the black, and Austrians trust him.

› **JAMES B. CONANT** is about to lose his job as U. S. High Commissioner for Germany—a job that soon will be abolished. But the former Harvard University president is expected to become the first U. S. Ambassador to a new U. S. ally, the Federal Republic of Germany.

Timing on the shift cannot be predicted by the State Department. The change depends upon the complex process of getting four treaties ratified by as many as 14 countries—the members of the North Atlantic Treaty Organization—but planning for the change already is in the works. The plans include opening the first U. S. Embassy in Germany since the U. S. entered World War II.

Mr. Conant was one of President Eisenhower's first appointees, has been High Commissioner for more than two years. He ran into some opposition in the Senate when appointed High Commissioner and will have to go through the same process of Senate confirmation if nominated as Ambassador. He advocated U. S. participation in World War II even before Pearl Harbor, said, after Germany attacked Russia: "To me, Communism and Nazism are equally detestable."

› **NEW PASSPORT CHIEF** of the State Department, after Mrs. Ruth B. Shipley retires on April 30, will be another woman. She is **Miss Frances G. Knight,** a veteran of Government service.

As Mrs. Shipley's personal choice for her successor, Miss Knight is expected to continue the strict policy that Mrs. Shipley has developed for keeping passports out of the hands of Communists. The new chief inherits a "red flagged" file of cards on Americans the State Department does not want to go abroad.

Miss Knight also inherits a job that has grown immensely since Mrs. Shipley took it more than 27 years ago. Her office now handles 300,000 passports a year, has broad powers in deciding who shall be permitted to travel.

Miss Knight's career in Government began with the National Industrial Recovery Administration in 1934. She also worked with the Works Progress Administration and the Office of Civilian Defense, shifted to the State Department in 1949. Since 1953 she has been assistant deputy administrator of the Bureau of Security and Consular Affairs.

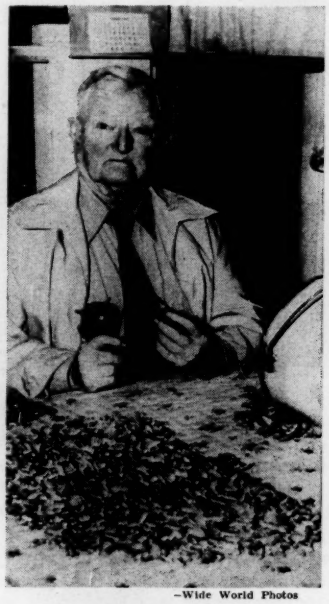
RETURN OF "CACTUS JACK"

BAGS PACKED,
Mr. Garner left town

› **JOHN N. GARNER** is coming back to Washington for the first time since he swore in Henry A. Wallace as his successor in the Vice Presidency 14 years ago. When he left, he had served 30 years as a Congressman from Texas, had been Speaker of the House for two years, Vice President for eight years.

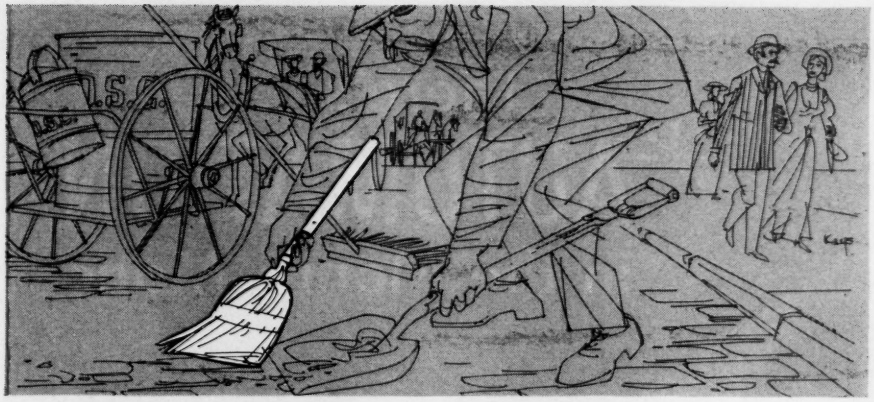
As Vice President, Mr. Garner differed with President Roosevelt on major matters, such as public spending, Supreme Court expansion, recognition of Russia—and was shunted aside in favor of Mr. Wallace on the third-term ticket. What brings "Cactus Jack" Garner back to Washington now is friendship for a fellow-Texan, Speaker Sam Rayburn, who is displacing the shades of Jefferson and Jackson as honor guest at a Democratic fund-raising dinner, April 16.

The former Vice President, now 86, lives on a small acreage at Uvalde, Tex., in a house surrounded by pecan trees, chickens and pheasants. His health is good, he goes deer hunting each autumn, steers clear of political talk.

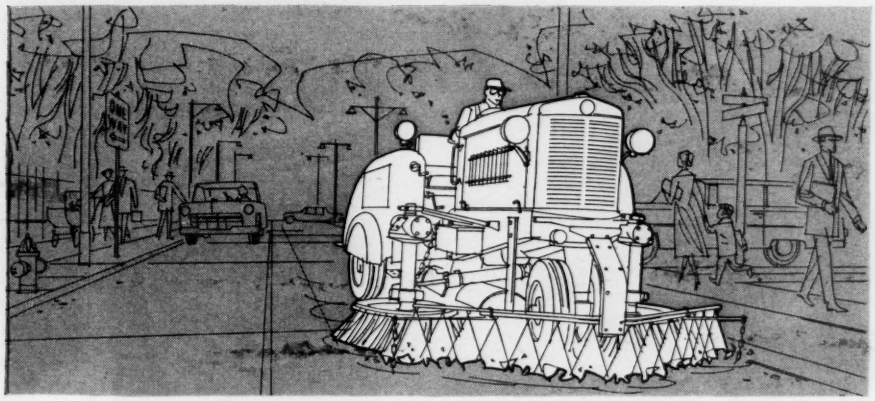


—Wide World Photos

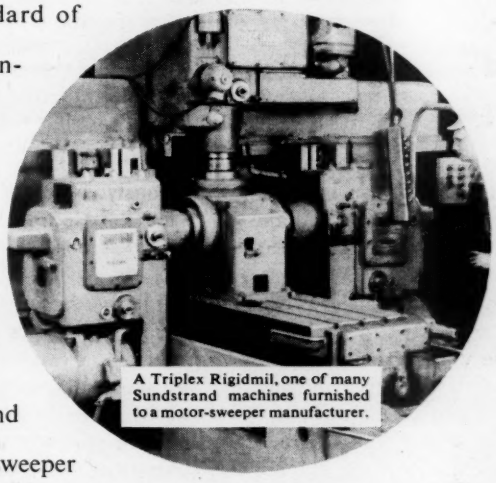
PECANS SHELLED,
he enjoys retirement



Swifter way to sweep



Star of today's Street Scene is a motor sweeper. It plays an important municipal role, performing with a speed which "white wings" of other days couldn't begin to match. Utilitarian and taken for granted, it makes a daily contribution to America's high standard of living. Sundstrand, too, has contributed . . . through its work with many of America's foremost builders of machines. As a supplier of machine tools, Sundstrand has helped to bring costs *down*, production *up*, by means of Sundstrand equipment and technical know-how. The motor sweeper field is just one of many served by Sundstrand's "Engineered Production" Service*, through one of its eight divisions. Perhaps Sundstrand is a name to remember in your business, too.



A Triplex Rigidmil, one of many Sundstrand machines furnished to a motor-sweeper manufacturer.

*Fifty Years of "Engineered Production" Service**

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A name to remember in your business!

MACHINE TOOL DIVISION—Lathes, Milling Machines, Special Machinery, Centering Machines, Bench Centers, Balancing Tools.

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Sundstrand engineers have worked with leaders in American industry, in many fields, for half a century. Benefit by Sundstrand's *reliable* research, *expert* engineering, *precision* production. Write for story:

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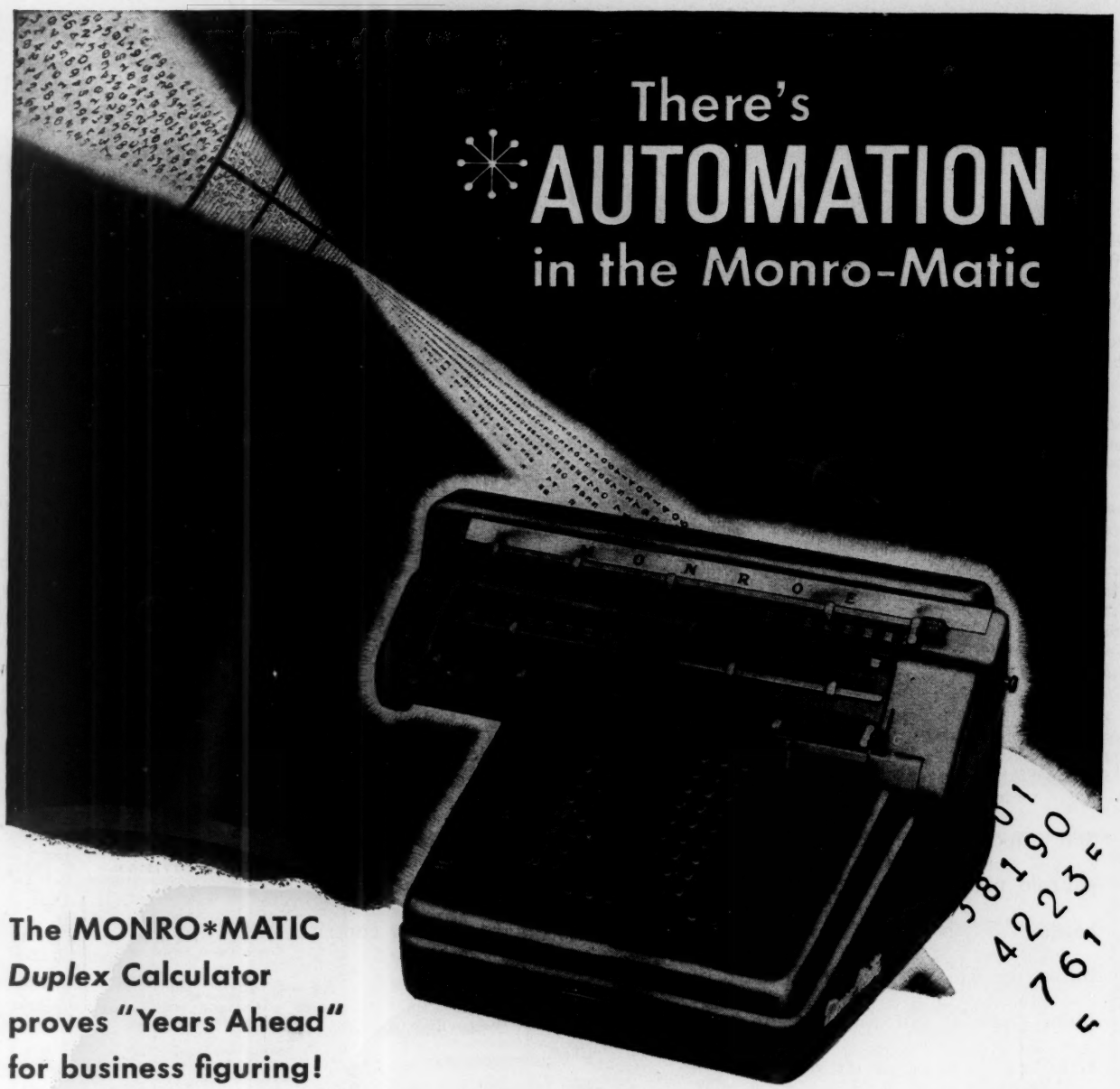


The MONRO*MATIC *Duplex* Calculator proves "Years Ahead" for business figuring!

Tough as your figuring problem may be, it can be done speedily, easily, with hardly a thought on the Monro*Matic Duplex. That's why business has welcomed this great new calculator. "Just what we needed" . . . "Nothing like it" . . . "Great for payroll" . . . "Invaluable" . . . are typical comments.

Only the Monro*Matic, on the office machine level, gives you *Automation—the modern industrial miracle that does in seconds tasks that take human hands hours. For instance, in work like payroll or statistics where a number of results are needed, the Monro*Matic Duplex works the problems and gives several answers simultaneously. Whereas other calculators require extra steps.

For the Monro*Matic Duplex adds *as* it multiplies . . . adds *as* it divides. And it stores intermediate results for later use. No need to refigure problems all over again.

Your local Man from Monroe—an expert at business figuring methods as well as at business machines—will be glad to show you on your own figure work just how much you can get out of time-saving, cost-saving *Automation. Ask him for the whole story of Monro*Matic calculating. It won't cost you a cent for a demonstration! Monroe Calculating Machine Company, Inc., General Offices, Orange, N. J. Branch Offices Everywhere.

OPERATORS WHO KNOW... PREFER **MONROE** *CALCULATING, ADDING, ACCOUNTING MACHINES*

VOLUME XXXVIII—No. 14 U.S. News & World Report WASHINGTON, D. C.

RAILS VS. AUTOS: NEW BATTLE AHEAD

Revolution in Travel . . . Fast, Quiet Trains . . . Lower Costs

Radical changes are starting in rail travel.

Railroads, losing out to airplanes and autos for passenger business, are ready now to fight back.

The rails' answer: New trains, radically different, sleek, low-slung, fast. Cuts in fares. Better service. New comfort for passengers.

Look for changes first on big Eastern lines. In the West, shifts will come more slowly.

What railroads have in mind is disclosed in detail now for the first time.

To get the facts, *U. S. News & World Report* talked to the presidents and other executives of railroads all over the country.

The time is now in sight when you'll be able to ride by rail from New York to Boston in 2½ hours, a trip that now takes 4 hours. That trip will cost you $4.40 instead of $7.75. A train ride from Pittsburgh to New York will take about an hour less than it does now, and will cost less than two thirds of the present fare.

Travel will be in the height of comfort in coaches of a radically new style. Meals will be served at the seats, airplane fashion. The train will rest on rubber air cushions, pillowed against noise and jolt. Trains will run at more frequent intervals. The aim will be to give passengers more conveniences, comfort and economy than they will find in airplanes or private automobiles.

What's happening is an approaching revolution in passenger service of many railroads—principally in the East, at first.

Railroads are starting a drive to take over some of the vast markets for travel that have been won by the private automobile, the airplane and the bus. This effort is being forced by increases in operating losses from passenger service that already are staggering. The private automobile is the No. 1 competitor, and it threatens to take away more and more patrons as superhighway programs are carried to completion.

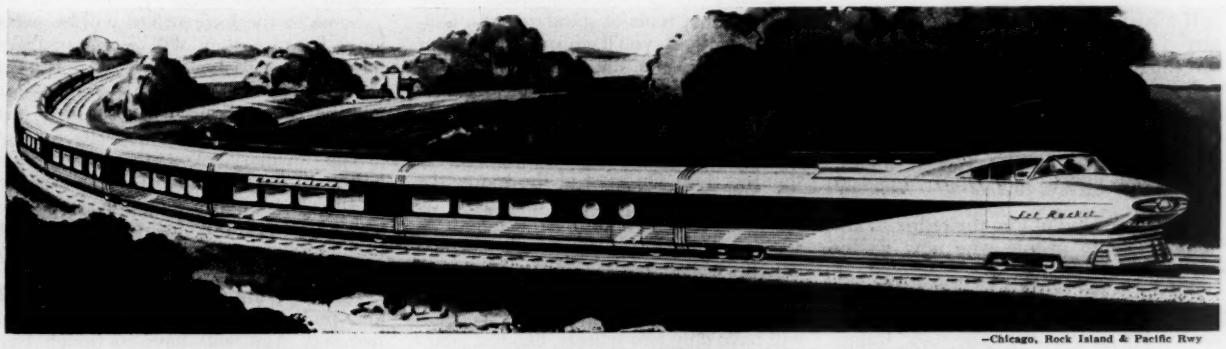
The railroads are up against it. You can see the problem in the chart on page 20. Travel in the U. S. has more than doubled in 16 years, but nearly all the new riders have gone to the airplanes and automobiles. Railroads are losing about 700 million dollars a year on passenger operations.

But the railroads now are going to fight back.

The big moves. Railroads are buying fleets of passenger coaches, of entirely new types.

They are planning to reduce fares, perhaps to 2 cents a mile. In the East, fares are now 3.375 cents.

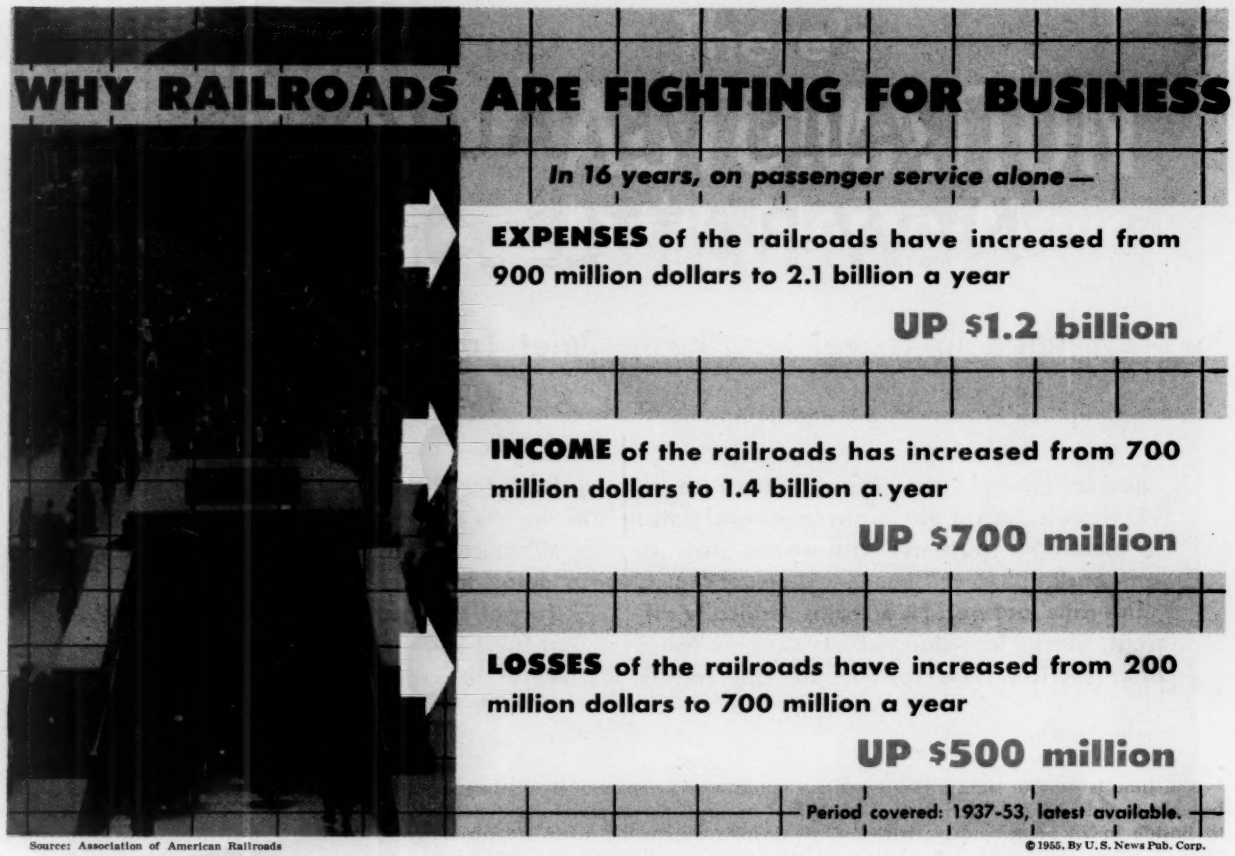
They intend to schedule more frequent



—Chicago, Rock Island & Pacific Rwy

AN AMERICAN LINE PLANS TO USE THIS VERSION OF THE SPANISH "TALGO"

It is lighter, quicker, less expensive


WHY RAILROADS ARE FIGHTING FOR BUSINESS
In 16 years, on passenger service alone—
EXPENSES of the railroads have increased from 900 million dollars to 2.1 billion a year
UP $1.2 billion
INCOME of the railroads has increased from 700 million dollars to 1.4 billion a year
UP $700 million
LOSSES of the railroads have increased from 200 million dollars to 700 million a year
UP $500 million
Period covered: 1937-53, latest available.
Source: Association of American Railroads
© 1955, By U. S. News Pub. Corp.

service, more arrivals and departures, put on more trains.

They are making special appeals to motorists, to induce them to use trains instead of automobiles for intercity travel.

Motorists will be offered parking lots right next to stations. Some such lots are now in use, others are being built. Automatic ticket-vending machines already are being used. You can put your money in the slot and pick up your ticket in a few seconds as you walk from your car to the train.

If you want a drive-yourself auto reserved and ready for you at the end of the trip, you can arrange it through the railroad.

The traveler is promised that he will arrive fresh, rested, relaxed—after a journey with no worries about highway traffic, red lights, stop signs or speed laws.

That's the kind of lure the railroads are holding out to people who now go by automobile.

All this is not just a dream. Some of the largest railroads already have placed orders for new-model passenger trains, and more orders are pending. The new trains are the key to the whole development. They are counted upon to make possible the lower fares, better service, better rides.

Most revolutionary of the new trains is the low-slung, lightweight type, such as the "Talgo," which now is being used in Spain. It makes the trip from Madrid to the French border in 8 hours—4 hours less than other trains.

Four types of the new "light-low" cars are being produced by four manufacturers. All are alike in many respects.

The new cars are low-roofed, no higher than 11 or 12 feet, compared to the 14 or 15-foot roofs of standard cars. Getting into them, you'll go up only one or two steps, if the station platform is at track level. If the station has a high platform, as many do now, you will walk down several steps to enter.

The cars will be shiny aluminum or stainless steel. On most of the trains, the cars will be short, no more than 34 to 50 feet—less than two thirds the length of standard coaches. The short coaches will be walled together by rubber diaphragms, giving the effect of a single, long, flexible car. Some of the coaches will have only two wheels, like the Spanish "Talgo," with one end supported by the adjoining coach.

This will lighten the cars, for wheels add weight.

If you ride on the Pennsylvania Railroad, you'll find its new light-low cars 85 feet long, like conventional coaches. But they will still be very light and hung low to the rails. The walls, floor and roof will all be one car-length tube of stainless steel.

You'll find some of the engines low, like the trains, to cut wind resistance and reduce weight. They will have less horsepower, because less power will be needed to pull the light trains.

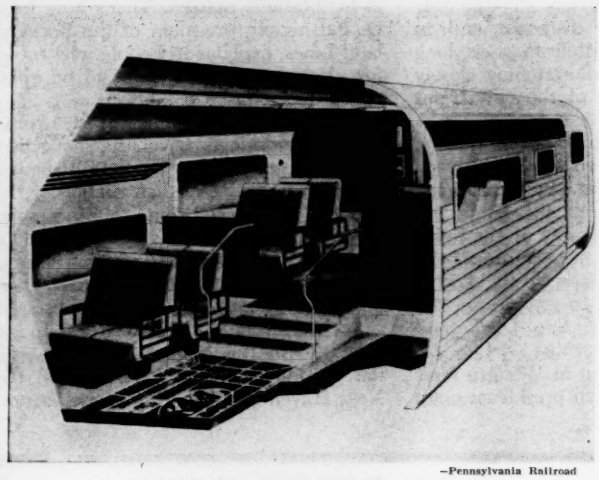
Some of the locomotives will be extra long, because they will carry auxiliary power plants behind their engines. On other trains, the auxiliary power plants will be on separate cars, coupled just behind the locomotive.

The auxiliary plant is another new wrinkle in railroading. It will provide all the electricity for lights, heat and air-conditioning throughout the train. Now each coach has its own power machinery, which is heavy, bulky and costly.

No more diners. Inside the cars you'll find reclining coach seats, probably all reserved. You will have as much legroom, elbowroom and baggage space as in ordinary cars. But there will be no

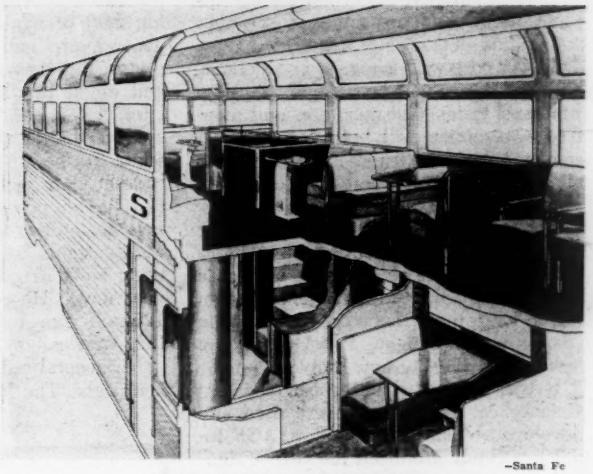
LOW-SLUNG LOOK IN THE EAST

HIGH-LEVEL SEATING IN THE WEST



—Pennsylvania Railroad

SEATS ON TWO FLOOR LEVELS



—Santa Fe

LOUNGES ON TWO DECKS

Also coming up: airplane-style meals and attractive hostesses

lounges, diners, sleepers or parlor cars. They are being eliminated to cut the expense of the dead weight and extra labor. Box lunches or light meals will be served at the seats. The railroads reason that, since airplane passengers find such service all right, the train riders will, too.

The Rock Island Lines announces that, on its new light-low train, "beverages will be available, and attractive hostesses will be provided to look after the comfort of the passengers."

The new train will pull out of the station swiftly, and will come to a fast stop at its destination. The light weight of the trains will make this possible.

Passengers will sit close to the ground, as in a foreign sports-model auto. The floors of the trains are only about 2 feet above the rails, compared to 4 feet in standard cars.

A new type of air cushion will replace the old steel springs. As in automobiles, inflated rubber will absorb the shocks.

Rounding the first sharp curve, passengers will be surprised at the high speed. The new trains can take curves much faster than present ones, with no danger of jumping the tracks or overturning. This is made possible by the coach's low center of gravity and automatically steered axles.

John R. Furrer, the engineer in charge of construction for ACF Industries, Inc., says the train his company is building could safely make 63 miles an hour on a curve for which standard trains would have to slow down to 47 miles an hour.

The trains probably won't go much faster on straight stretches. It's their speed on curves that cuts the running time. They will make their best showing over older trains on mountainous and other winding routes.

As the trains plunge around curves, the cars will tilt inward, the way a bicycle rider leans into a turn. This will happen because each car is suspended in a kind of cradle, instead of being perched on top of the wheel trucks, as in standard cars. The effect will be to keep the passenger firmly in his seat as the train swings around a bend, instead of slinging him outwards.

Travel time will be cut at least 15 to 25 per cent, perhaps more. Patrick B. McGinnis, president of the New Haven Railroad, says his new trains will cut more than one third off the running time between Boston and New York.

The two-decker plan. Travelers who cross the continent on the Santa Fe Railway also will get a new kind of ride, but it will be wholly different from the others. The Santa Fe is buying a fleet of high-level coaches, in which the passenger will sit on a top deck, 8 feet above the rails. All the baggage space, washrooms and other facilities will be on the lower deck.

The idea behind this type of train is to give passengers additional luxuries and a panoramic view of the scenery from aloft. Unlike the other new coaches, Santa Fe's are heavy and expensive. But all have points in common: The Santa Fe's cars also are designed to win new passengers and challenge the auto and airplane. And they are economical, in that they seat 28 more passengers than standard cars.

Some of the new trains will be seen this year. The first in service will be on the Rock Island, running between Chicago and Peoria, Ill. The New Haven will have one for the Boston-to-New York run. The others all will be ready for tests in the first half of 1956.

Fare reductions and more frequent service probably will come later.

The new trains are expected to make both of these changes possible. That's be-

[continued]

RAILS VS. AUTOS: NEW FIGHT AHEAD

cause the light-low trains are seen as great money savers, reducing costs from one third to two thirds. The roads will spend that much less to buy the trains, as well as for fuel, repairs and servicing. Even the wear and tear on the expensive rails, ties and roadbeds will be reduced.

Lowest price quoted so far on one of the new-type trains is that of General Motors—a tentative $500,000 for a complete train. Standard trains cost about 1.5 million dollars.

Lower costs will bring fare reductions. And the roads will be able to afford to run more trains. Cheaper fares and more frequent service will build up the passenger volume. Then there will be still cheaper fares, still more service. That, at least, is the theory.

The stroke of genius behind this whole movement is the invention of a lightweight train that performs as well as a heavy train, or better. It has been known for a long time that cost goes up in proportion to weight. How to build a light train was the key problem.

It was solved by a Spanish engineer, Goicoechea. His patents were used and developed by an American firm, ACF Industries. They produced the two "Talgo" trains now being used in Spain.

The cause of the lightweight trains was taken up by Robert R. Young, now chairman of the board of the New York Central System. In about 1947 he began to talk of "Train X," which was to be like a "Talgo," only better. In 1950 he got the Pullman-Standard Car Manufacturing Company to develop the idea and build one "Train X" coach.

Sought: standardization. The railroads now have another plan in mind to reduce costs still further. They want to agree on one type of lightweight train, so they can standardize and get the benefit of the lower prices that mass production brings. So far they have not been able to settle on one train.

The New York Central and the New Haven are buying "Train X," from Pullman-Standard. The Rock Island and the New Haven are buying a "Talgo" type from ACF Industries—so the New Haven is the first to order two of the new trains. The Pennsylvania and the Santa Fe are both buying their new trains from the Budd Company.

General Motors refuses to talk about its new model. From various railroad presidents, however, one hears that GM is building two of the lightweights, to be ready sometime this summer. Plans call for trying them out on the tracks of the Pennsylvania, the Santa Fe and the New Haven.

To learn the plans of top men in the industry, members of the Board of Editors of *U. S. News & World Report* talked to railroad executives and car builders all over the country, including Mr. Young and nine railroad presidents.

The editors found the Western railroads less interested in the new trains than the Eastern roads. The Western presidents felt that the new trains are suitable only for short or moderate distances, and, in general, are not adapted to their long routes. But they are all watching closely and might buy some of the new trains later.

Nevertheless, the Rock Island and the Santa Fe, both Western roads, will each have at least one of the new trains. Fred G. Gurley, president of the Santa Fe, says he intends to buy one of the lightweight trains "in the near future, if the thing looks as good after we try it as it does now." He plans to try one on the 125-mile run between San Diego and Los Angeles.

No general reduction in Western fares is in sight. The Western presidents point out that their rates already are lower than those in the East. In 1948 the Eastern roads began to raise their fares above those of the West. The Western roads now charge 2.5 cents a mile. The East has had its 3.375-cent rate since 1949.

Eastern roads are able to charge more because so many of their passengers travel for business reasons. That's how John D. Farrington, president of the Rock Island Lines, explains it. People who travel for pleasure are more likely to be influenced by the price of a ticket.

The West's problem. Most of the Western presidents have little hope that passenger service ever again will show a profit, at least not in their section of the country. You need masses of people, densely populated areas, from which to draw the large numbers of new passengers. Otherwise, passenger service cannot be turned into a money-making business.

Such densely settled areas are found primarily in the Northeast. That's why the presidents of the Pennsylvania, the New Haven and the New York Central

WHAT RAILROAD E

James M. Symes
PRESIDENT
The Pennsylvania Railroad

"We are very hopeful that the tubular-design train is an answer to our search for ways to reduce capital investment and costs in the passenger service while improving comfort, speed and attractiveness."

Patrick B. McGinnis
PRESIDENT
The New York, New Haven & Hartford Railroad

"The new lightweight trains are going to be cheaper, safer, more comfortable and more convenient than automobiles."

Howard E. Simpson
PRESIDENT
Baltimore & Ohio Railroad

"I don't believe there is any strong public pressure for these faster trains. If people are in a hurry, they will use the airplane."

John D. Farrington
PRESIDENT
Chicago, Rock Island & Pacific Railway

"Our new lightweight trains won't give any better ride. They will just be more economical for the railroads."

are looking forward more hopefully than any of the others to a rebirth of the passenger business.

The New Haven and the New York Central are planning to make huge commitments.

The New Haven has immediate plans to buy 30 of the new trains. In the near future it plans to retire 413 of its obsolete passenger cars—almost half the road's passenger equipment.

The New York Central's president, Alfred E. Perlman, said he intends to replace his entire passenger fleet with the new trains in three to five years if they work out as he expects.

The program is expected to double the volume of intercity passengers carried by the New Haven and the New York Central. That is the prediction of Mr. McGinnis and Mr. Young.

The new passengers are expected mostly from among motorists.

"The airlines are not geared to take mass transportation," Mr. McGinnis argued. "If we got all the airline business, we would not get the masses of passengers that we need. For mass transportation, our competition is the private auto."

The railroads are capable right now of carrying three times their present passenger load. They could run three times as many trains on their tracks as they do now. Their cars have an average capacity of 57.6 passengers, yet carry an average of only 18.2 persons.

Easterners can expect some kind of fare decrease. How it will be arranged has not yet been decided. A committee of passenger-traffic officers of the Eastern railroads is now at work on the problem.

A flat 2-cent-a-mile fare is regarded as a possibility by Mr. McGinnis and Howard E. Simpson, president of the Baltimore & Ohio Railroad.

No general fare reduction is favored by James M. Symes, president of the Pennsylvania Railroad. This is how he feels:

> "It might prove feasible to reduce rates in certain hours of the day, on certain days of the week, and in certain seasons of the year—all in order to attract passengers during off-peak periods and get more revenue per year from our equipment."

An immediate fare reduction of some kind is urged by Mr. Simpson. Remarking that he had no plans at this time to buy the new lightweight trains, he added:

> "Before I go out and spend a lot of money to buy new equipment I want to see if there is not something else I can do first to attract additional travel and increase passenger revenues. After you have bought a few of these new trains at almost a million dollars each, you will certainly not be in any position to reduce your fares, if fare reduction finally looks like the true answer to the problem. You can't afford to take a chance on fare reduction then."

What's needed to win. The whole blue-chip gamble on new-type cars and lower fares is a bid for masses of new customers. A moderate increase wouldn't pull the railroad passenger business out of the red. The rails are now using almost 40 per cent of their profits on freight to pay off their losses on passengers.

The railroads that have hopes of drawing multitudes of new passengers are staking huge sums on the venture. The Western roads are likely to follow the lead of the East, if the speculation pays off. They will hope only to make enough additional money on passengers to break even on them.

The traveler is going to get better treatment, anyway, no matter what the outcome is.

EXECUTIVES SEE AHEAD

Alfred E. Perlman
PRESIDENT
New York Central System

"Our new trains will be faster. But speed is not a controlling consideration. We are concentrating on comfort and economy."

Fred G. Gurley
PRESIDENT
Atchison, Topeka & Santa Fe Railway

"I am interested in the new lightweight trains for short runs. I don't think they are suitable for long runs."

Robert R. Young
CHAIRMAN OF THE BOARD
New York Central System

"We will order all lightweight trains from now on. The lightweight train is 20 years overdue."

Harry C. Murphy
PRESIDENT
Chicago, Burlington & Quincy Railroad

"We have no fixed opinions as to the merits of the Talgo-type train."

John P. Kiley
PRESIDENT
Chicago, Milwaukee, St. Paul & Pacific

"We are not considering the new lightweight equipment now, but we might go into it if it proves good."

Wayne A. Johnston
PRESIDENT
Illinois Central Railroad

"The new lightweight trains may work out very well for shorter runs. I don't believe they will give a good ride on the long runs."

WAR WITH RED CHINA SOON?

Lots of Scare Stories—Here Are the Facts

From the topmost U. S. authorities, you get this assurance—

Immediate Red attack on Quemoy, Matsu is not in the cards.

U. S. is holding back Chiang, trying hard to calm both sides.

If Reds strike, there will be no withdrawals this time.

Whether U. S. jumps in depends on how Communists go about their attack, whether they hit U. S. ships, Formosan bases.

To clear up the confusion created by a wave of scare stories, denials and contradictory "leaks" concerning prospects of war soon over Quemoy and Matsu, here are the facts we have obtained for you from the highest sources:

• The season for invasion, if one is to be tried, is now. During the next 60 days, the weather will be at its best for any invasion across the waters that separate China's mainland from the offshore islands of Quemoy and Matsu.

• U. S. is not threatening or encouraging war. This country actually is restraining Chiang Kai-shek from making air and sea attacks against growing Communist forces nearby. There are no plans for "preventive" attacks, or for retaking islands now given up. There is no "war party" operating in U. S.

• Communists will start war, if war is started. U. S., opposed to attacks by either side, is trying for a "cease-fire," will require peace on the part of Chinese Nationalist forces.

• If Chinese Communists invade or bomb Formosa, or attack the U. S. fleet guarding the Formosa Strait, or willfully shoot down U. S. aircraft based on Formosa, war will be on and U. S. will be in it.

• If Communists launch a big military invasion of Quemoy or Matsu, attacking U. S. ships of the Seventh Fleet—in an obvious preliminary to an invasion of Formosa—U. S. definitely will come to the defense of Quemoy and Matsu.

• If the Communists, instead, try patience, nibbling attacks or infiltration—without getting involved with U. S. air or sea forces, or attacking Chiang's bases on Formosa—U. S. may not come to the defense of Quemoy or Matsu. Communists thus might be able to win the islands gradually, in time.

Conditions for attack. Will the Communists risk an attack on Quemoy and Matsu soon, in the face of these facts? Only if they believe they can win. As top-level U. S. military planners see it now, there are three conditions that must be met by Communists before they can carry out an attack under these circumstances—conditions that are laid out for you in the chart on this page.

Local air superiority is required by Communists, first of all. No attack on the offshore islands can expect to succeed, U. S. strategists say, unless the Communists have the planes, the bases and the fuel at hand for an effective air cover during the invasion.

As U.S. Military Men See It:
CHINESE REDS WILL NOT ATTACK UNTIL—
* AIR BASES are established by Communists close to Quemoy and Matsu
— These bases are not yet completed
* NAVAL STRENGTH to blockade Chiang's supply lines to Quemoy and Matsu is built up
— This naval strength is not yet assembled
* TROOP STRENGTH is massed by Communists opposite Quemoy and Matsu
— This ground strength has not been brought in
Matsu
Quemoy
AS A RESULT, U.S. planners do not believe Communists are yet ready to attack these offshore islands

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At this time, the Communists have enough planes, based in the Shanghai area and opposite the Tachens. But they do not have the necessary air bases close enough to Matsu and Quemoy. They are developing bases closer to these targets now. With a spurt of effort, they could get them ready in a matter of weeks. Meanwhile, indications are that Communist planes, with their present range, cannot be fueled close enough to the islands to provide the needed air cover.

Local sea strength of some kind is needed, too, before an invasion can be launched against islands just a few hundred yards offshore. Some shipping will be necessary for carrying troops this brief distance over water. But, more important, Communists will need enough naval strength to cut the Nationalists' lifeline to Formosa, to prevent supplies and reinforcements from being brought in after an attack begins.

Indications are that this Communist shipping has not yet been assembled, although it would take less time to bring together than it will take to complete air bases in the area.

Local ground-force strength, finally, needs to be assembled in sizable amounts for an amphibious operation to have a chance of success against these well-fortified islands. A build-up has been going on. Three new divisions have been brought in by Communist Chinese from the North and from Korea and have been concentrated across from these islands. Artillery, the most critical matériel, is being stockpiled. Not until enough artillery and troop strength for overwhelming superiority on the ground has been assembled, however, can the Communists strike successfully.

After an attack. Suppose an attack is launched as soon as these conditions are met. Questions on what happens then are answered from the best-informed U. S. sources, in the authoritative report that follows:

If this country decided to intervene, would its air and sea power be decisive? Top U. S. military men in the area are confident that Communists can be turned back by the 400 planes of the Seventh Fleet in the area, plus other aircraft that can be brought up by the Air Force.

Will atomic weapons be used if U. S. gets involved? That will be decided solely by the President. But military planners favor their use. And the Navy in that area is equipped to use nuclear weapons now.

Why are the planners more confident that U. S. air power can win here, when it failed to win in Korea? The answer given is that this is a wholly different situation. The Communists' supply line for any attack on the offshore islands must be across some water. That line can be cut by air power. U. S. jets can easily blow up the Communists' scarce supplies of aviation fuel, knock out their few available air bases. Then, too, there would be no Yalu River line for Communist supply depots to hide behind this time. Airmen believe a local war could be won in short order by U. S. jets.

Just how strong is U. S. in the Pacific at this time? With atomic weapons, American forces are much stronger than when this country was winning the war against Japan.

How important? Is it really important that Matsu and Quemoy be defended? Yes, in the opinion of top U. S. strategists. Loss of these islands, they believe, might mean a terrific blow to the prestige of the non-Communist nations, particularly throughout Asia. The islands' loss would also be a serious blow to the morale of the Chinese Nationalists, they add, and could lead to a Communist victory over Formosa by default.

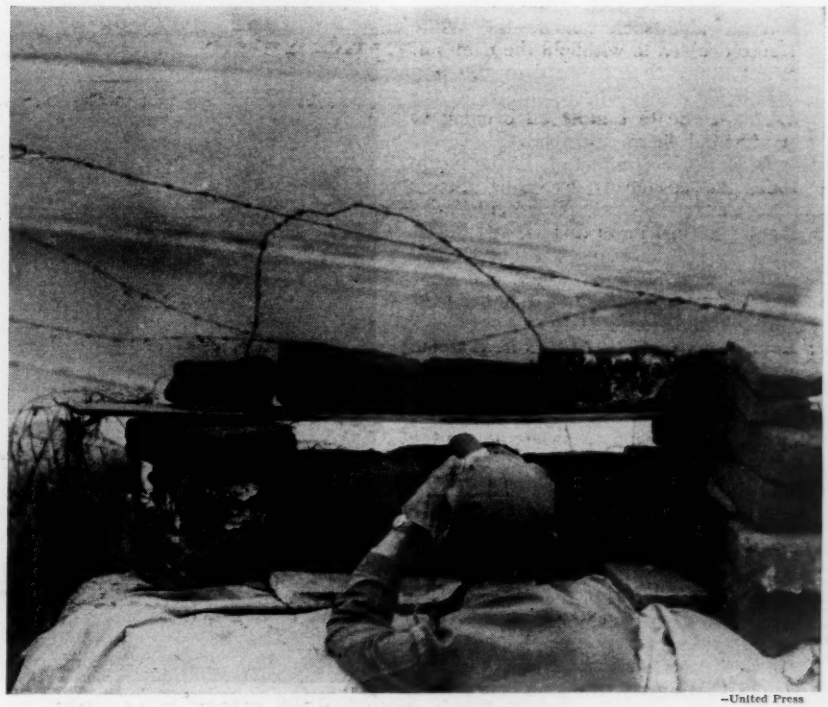
How about the strength and determination of the Nationalist Chinese to defend the islands? Morale and training of Nationalist troops on the island appears good. At least one full division has been added recently to the sizable forces already there. Nationalist planes from Formosa can aid in the islands' defense.

Just how good are Chiang's troops, though? That's the big unknown factor. They are well trained and well equipped. But they were not tested in modern battle during the Korean war, as the Chinese Communist troops were.

Are the islands theoretically defensible by their present garrisons? Informed U. S. officials insist they are, that they can be taken only at a staggering cost in Communist casualties, even if U. S. does not aid in their defense.

Are there any signs that the Nationalists plan to withdraw if the Communists actually launch a major attack? None whatsoever, according to an American official who has just inspected there. There are no signs, apparently, of any lack of will to fight on the part of Nationalist troops or commanders.

War or peace—the test. What does it all add up to? In the opinion of the highest sources, it means that Quemoy and Matsu may not be attacked right now. It means that whether those islands will be defended by U. S., if attacked, will depend largely on how the Communists go about their attack. If they hit the Seventh Fleet or bases on Formosa, U. S. air power will come in and the Communist Chinese are more likely to get a bloody nose than two more pieces of real estate. If they use another method, one that does not affect U. S. forces and does not appear as a preliminary to invading Formosa, U. S. may stay on the side lines and let the two Chinese forces slug it out.



—United Press

GUARDING QUEMOY

. . . the best "invasion weather" is now

MORE MEN WHO CAME TO DINNER

Ike Has His Secret List—So Do Others

Secret dinners are proving troublesome for Ike and his aides.

Ike gives them to make friends and keep the politicians happy.

His aides use them to drop news hints to friendly and favored newsmen. Always the secrets seem to leak out.

It now develops that more politicians are coming to stag dinners at the White House. They are urging Ike to run again and he is continuing to dodge the question.

Some invited guests don't like to keep their visits secret. They ask: Why go to the White House if you can't talk about it?

Secret dinners are becoming a hidden weapon of the Eisenhower Administration. At the White House, President Eisenhower is using them to pay campaign debts, to make friends, to prepare for the next campaign. Elsewhere, White House and Administration officials are using them as an indirect way of passing news tips to correspondents.

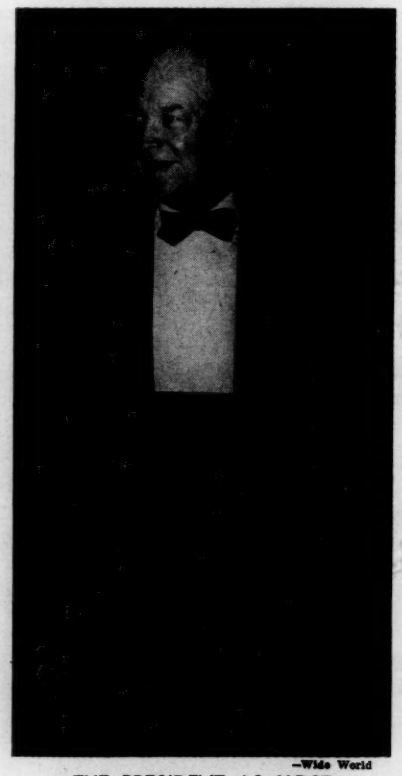
Behind a barrier of official secrecy, Mr. Eisenhower is holding his stag dinners at the rate of one a week. Two months ago—after *U. S. News & World Report* published a list of the guests who had attended such dinners—the White House decided to withhold the names of guests. Since then, more than 150 persons secretly have been bidden to the White House to sample an evening of presidential charm and food.

News tips—spoon fed. In the meantime, the custom is spreading. Secret dinners are being held all around Washington. Special news tips are fed out at these dinners to small groups of favored writers. The newsmen go out and write the information they get at the dinners without using the names of the officials from whom it came. And so news about war and peace, about high-level international strategy goes to the reporters who attended the dinners. It is withheld from those whose names were not on the select list.

It now is developing that whether the news forecasts war or peace may depend upon the person with whom a reporter eats. After a carefully selected group went to dinner with Adm. Robert B. Carney, Chief of Naval Operations, stories appeared that the Chinese Communists might attack Matsu about the middle of April. But a favored band who ate with James C. Hagerty, the President's Press Secretary, wrote that the President had no information of this kind.

President Eisenhower's dinners differ greatly from those at which officials of his Administration offer informed opinions to newsmen with the understanding that they are not to be quoted. The President is dispensing charm, not news.

Mr. Eisenhower has had trouble with his stag-dinner lists from the beginning. He started the dinners in June, 1953, and it was with some reluctance that the guest lists were passed to newsmen.



—Wide World

THE PRESIDENT AS HOST
. . . no news tips are dispensed

President embarrassed. Through 41 of the stag dinners that were given before Feb. 8, 1955, the guest lists were made public. By that time, 603 men had eaten with the President. They had spent an evening in intimate talk with him and gone away happy. The group included businessmen, industrialists, editors, publishers, Administration leaders, politicians, educators, varied prominent men.

Publication of the list was a constant source of embarrassment to the White House. Every time a story appeared telling about the stag dinners, the President would get dozens of letters asking for invitations. Those who were not invited complained to their Congressmen. Politicians protested that some of their friends had been invited and they had not been. Labor leaders said the lists were overloaded with businessmen.

The dinners had been planned to make friends for the President. He could put his views before important people in an intimate way. He could convey to those who had spent time and money to elect him President the feeling that they were among the select group in his inner circle. But, with the rise of complaints from the uninvited, it began to look as if the plan was backfiring.

The President decided the answer was to quit making public the lists. If no one knew the guests, stories about them would stop appearing and the uninvited would stop getting angry.

On March 4, Mr. Hagerty refused to release names of guests at a dinner the President was giving that night. It was disclosed two other stag dinners had been held secretly and that all stag-dinner lists would be secret in the future.

Discontented guests. One important fact had been overlooked, however:

Those who have dinner with the President like to have their friends know about it. The air of intimacy with Mr. Eisenhower adds to their prestige. So there now is about as much discontent among the invited as there was before among the uninvited.

Those receiving invitations are told not to mention the fact. When they get to the White House, they are made to feel that any later talk of their visit would be a grave discourtesy to their host. They go away feeling uncomfortably stuffed with both food and secrets.

The dinners are so secret that the guests have a hard time learning who their dinner companions are to be until they look over the seating diagram after they arrive at the White House.

In spite of the White House ban, however, the names of those attending keep drifting out. And, as time for the 1956 campaign draws closer, more and more politicians are finding their way to the President's table.

The President is continuing to reward Republican politicians for their work in 1952 and trying to keep their enthusiasm high for 1956. Already, the guest lists are beginning to dip below the level of members of the Republican National Committee and reach into the group of important Republicans in the various States.

One guest suggested recently to the President that White House invitations would serve as good rewards for Republican county chairmen and others who do particularly good jobs for him. There are 3,068 counties in the United States, and there are no indications that Mr. Eisenhower is ready to embark upon such an ambitious project. But there are reports that the President plans to have every Republican National Committeeman and every Republican State chairman in for at least one evening meal.

Reward for faithful. As an illustration of the number of politicians now being invited, take a look at the unpublished guest list for the dinner of February 28. On it were Leonard W. Hall, Chairman of the Republican National Committee, and four members of the Committee. The Committeemen were: Axel J. Beck, of Elk Point, S. Dak.; Milton L. Rue, **Bismarck**, N. Dak.; George F. Etzell, of Clarissa, Minn., and A. D. Welch, of St. Louis, Mo.

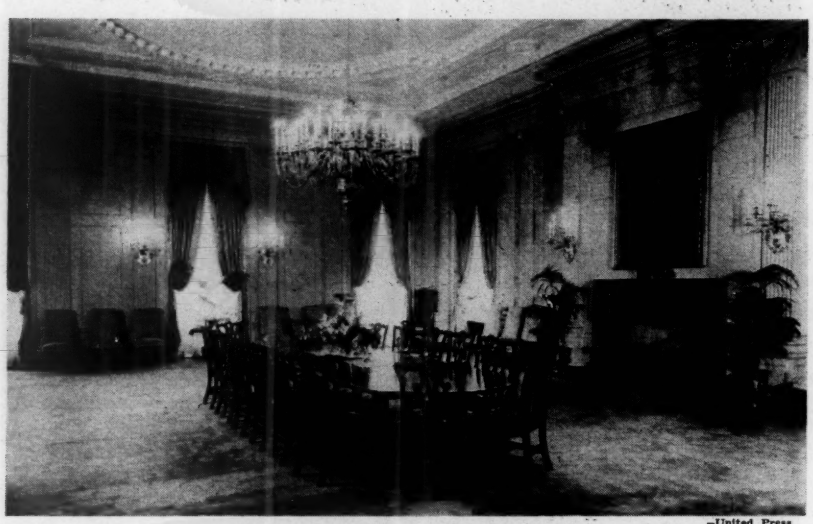
Others attending the dinner were: Edward J. Noble, of Greenwich, Conn., director of American Broadcasting-Paramount Theatres, Inc.; Ancher Nelsen, Rural Electrification Administrator; Harry A. Bullis, a Minneapolis businessman; Robert W. Gunderson, lawyer, from Rapid City, S. Dak.; William J. Donovan, World War II head of the Office of Strategic Services; William Gaxton, actor;

—USN&WR Photo

THE WHITE HOUSE FRONT DOOR
Behind it: a barrier of secrecy

[continued]

MORE WHO CAME TO DINNER



—United Press

THE STATE DINING ROOM
Conversation often "covers the water front"

Gabriel Hauge, economic adviser to the President; and Mr. Hagerty.

Politics was the major item of conversation at this dinner. But there also was a great deal of talk about golf, fishing, other things. The principal items on the menu when the group sat down to dinner in the state dining room were Texas pheasant and wild rice.

One guest reporting on the dinner says: "We tried to pin down the President on the candidacy for 1956, but he parried every question."

The suppressed dinner lists now are including persons from States that had been neglected in the past. A few weeks ago, White House lists showed no guests from Arizona, Idaho, Kentucky, New Mexico, North Dakota and Utah, and sparse representation from Southern States. This now is being remedied.

The March 15 dinner turned out to be largely another political affair. On the unpublished list were the names of three Republican State chairmen, two Republican National Committeemen, and one State finance chairman.

The State chairmen were: James C. Wood, of Phoenix, Ariz.; William R. Mackay, of Roscoe, Mont., and Claude O. Vardaman, of Birmingham, Ala. The National Committeemen were: E. D. Crippa, of Rock Springs, Wyo., and George T. Hansen, of Salt Lake City, Utah. The finance chairman was George C. Bermingham, of Duncan, Wyo.

Other guests at this dinner included George Friedland, businessman, of Merion, Pa.; James F. Oates, Jr., businessman, of Chicago; Robert McLean, president of the Associated Press, of Philadelphia; Clarence B. Randall, foreign-trade adviser to the President, and Mr. Hagerty.

The guests had a duck dinner with wild rice, followed by a tour of the Lincoln Room with Mr. Eisenhower as the guide. The President did much of the talking and the range of conversation was wide. "He covered the water front," says one of the guests.

Cheering words. At another stag dinner recently, the President discussed the possibility of war. One of the guests who came to Washington worried about the prospects of war says: "After listening to the President I became convinced that my fears weren't necessary. He made us all feel pretty good. When I walked out of there, I found I didn't have any more worries about war."

Always, there arises the unvarying question about 1956. It is introduced in many ways. One guest brought in a resolution from his State legislature urging Mr. Eisenhower to run again. The President smiled and sprinted around the question.

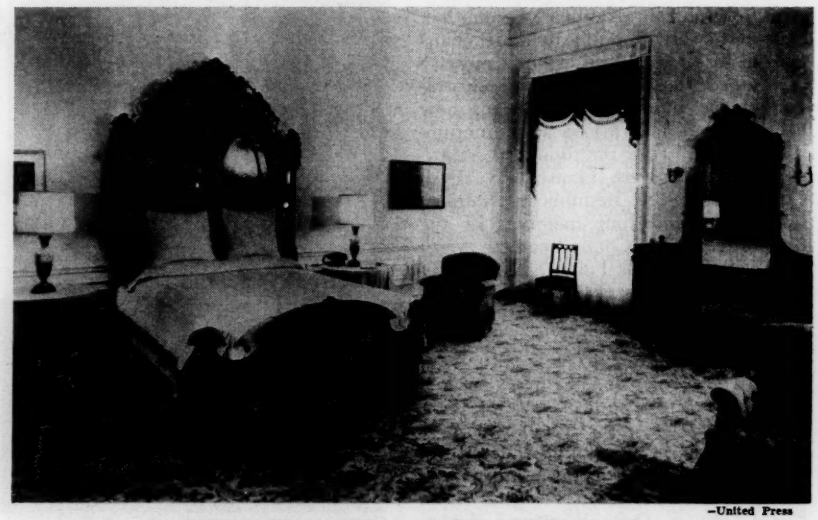
The President now has held 49 stag dinners, and expects to continue them. He enjoys them—and so do his guests. But he will never be able to keep them secret, any more than are those at which his aides and Administration officials feed out their news tips to reporters.

One man who had been invited to a dinner died before the secret affair came off. In his obituary, it was printed that he had been invited to a stag dinner at the White House. Another guest, after his return home from the White House visit, mentioned it to a few close friends.

"In a few days about 500 people asked me about that dinner," he says, "and some of them were wondering why they hadn't been invited."

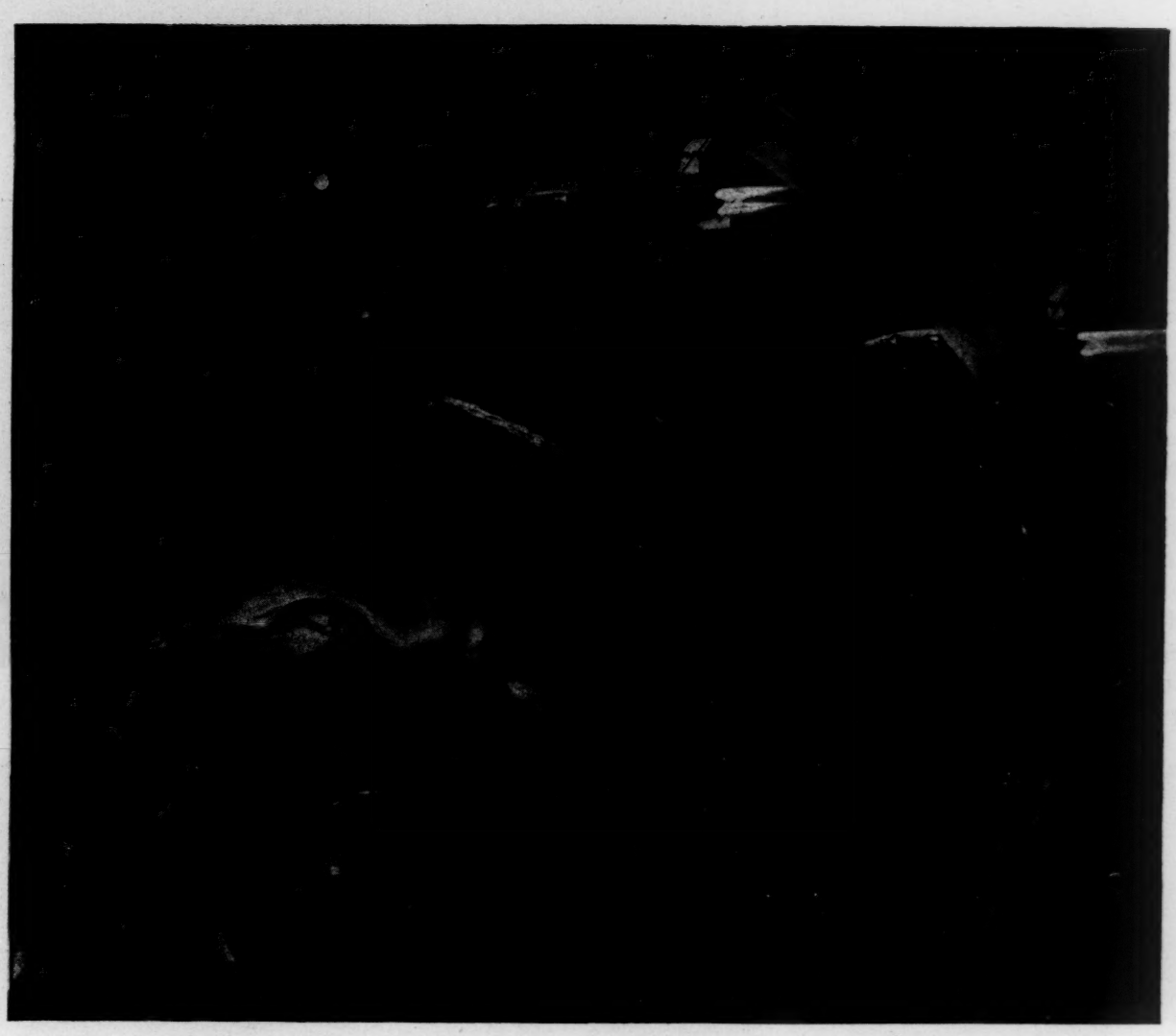
The secret dinner is a hidden weapon—but it has a way of backfiring.

For other activities of President Eisenhower: as a home builder, page 30; as a churchgoer, page 50.



—United Press

THE LINCOLN ROOM AT THE WHITE HOUSE
. . . after a duck dinner, a tour



Executive training at 40,000 feet...

...the control panel is his desk. The high, thin air above the earth surrounds his cockpit office. He's a young, alert Navy pilot on a night mission...exploring the vast fringes of space with a swiftness measured by the speed of sound.

You can feel his confidence. Both in his aircraft and in himself. It's a sureness born of $70,000 worth of thorough Air Navy Training...born of knowing he's ranked with the world's best fliers.

He's been taught by experts. Taught to live by strict Navy rules of safety and common sense. He's learned to bear responsibility and authority. He's proved his executive potential by *earning* his envied wings of Navy gold.

The world watches the man who makes the grade as a Navy flier. As a career officer or in private life, he's looked to for leadership. There is no finer preparation for *your* future than training in the New Air Navy.

CHANCE VOUGHT AIRCRAFT
INCORPORATED DALLAS, TEXAS

DESIGNER AND BUILDER OF HIGH PERFORMANCE MILITARY AIRCRAFT SINCE 1917

Now is the time to act! If you are 18-25, and single, visit your nearest Naval Air Station, or fill in the coupon and send to:

NAVCAD, Washington 25, D.C.

Gentlemen: I want to be a Navy flier. Please send me the complete story on Naval Aviation and the qualifications I must meet for Flight Training. I understand I am under no obligation.

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*Address*_____

*City*_____ *Zone*___ *State*_____

*I am*_____ *years old.*

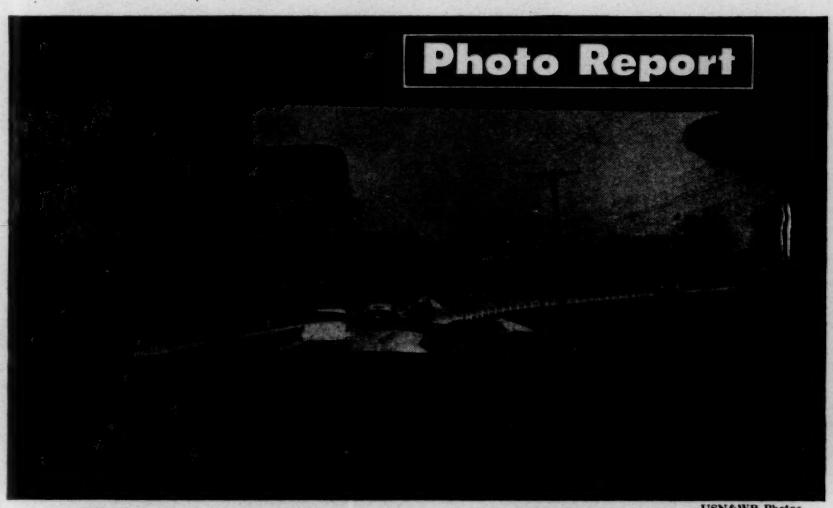
CV-4

A WEEK END WITH FARMER IKE

President Eisenhower plans to spend many week ends this summer visiting his new farm home near Gettysburg, Pa.

The 14-room house, air-conditioned, is virtually finished. Mrs. Eisenhower, the President hopes, has finally settled on the interior color schemes—featuring green, gold, pink. Outside, the house is white, except for one wing of gray field stone.

Official housewarming is planned for May or June. The Eisenhowers may cut short their Colorado vacation this year to spend more time at Gettysburg.

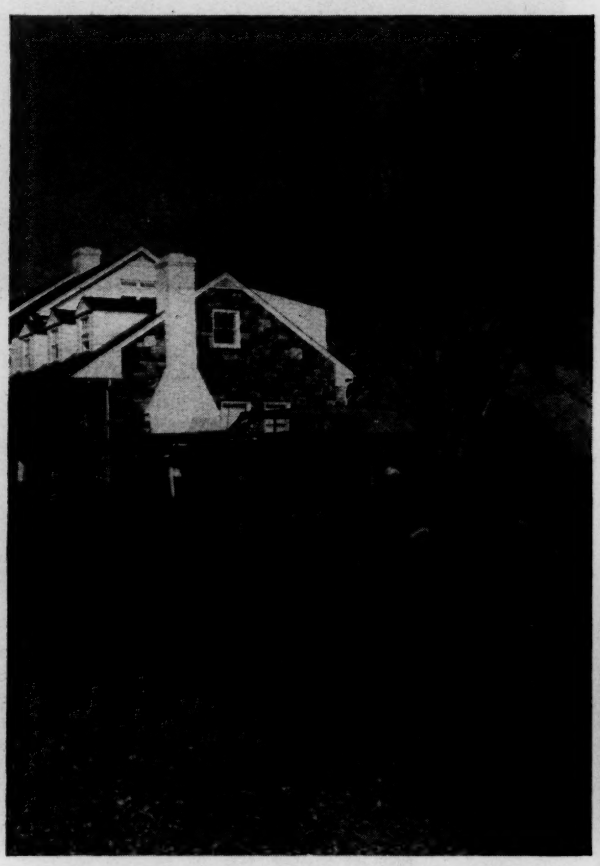


—USN&WR Photos

EN ROUTE from Washington to farm, President's car is trailed by Secret Service men and news reporters.

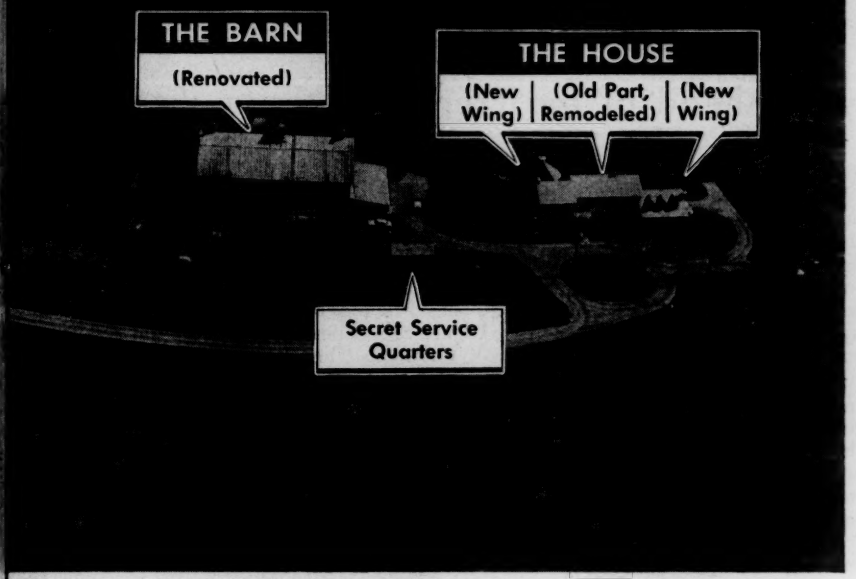
ARRIVING at farm entrance, President has made 85-mile trip in less than two hours.

THE HOUSE—the Eisenhowers' first home of their own in 39 years of married life.



HOMEOWNER EISENHOWER hurries eagerly around grounds, checks on landscaping.

. . . view from the air



FARMER EISENHOWER discusses drainage of his crop land.

GUARD, with sentry box, patrols farm entrance, keeps out tourists who are beginning to throng the area.

PAINTING THE BARN— COLOR WAS A PROBLEM

Hunting a shade that . . .

. . . will not dominate house

Choice: a pale green

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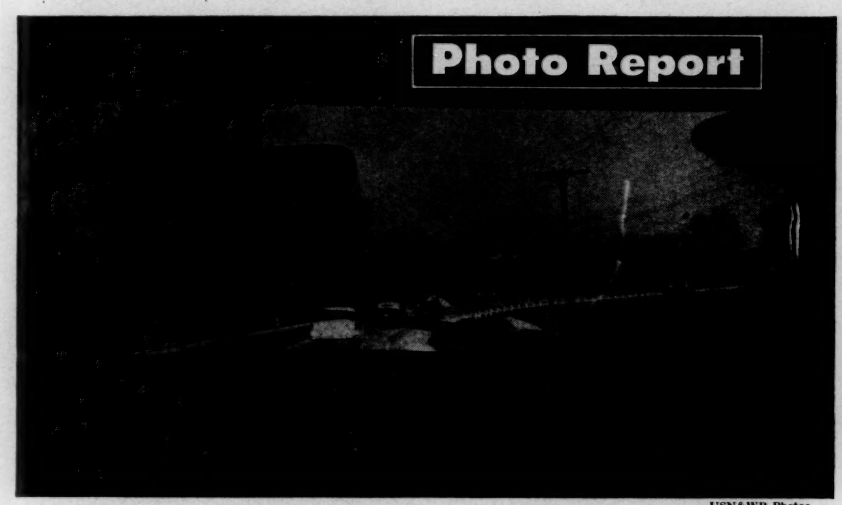

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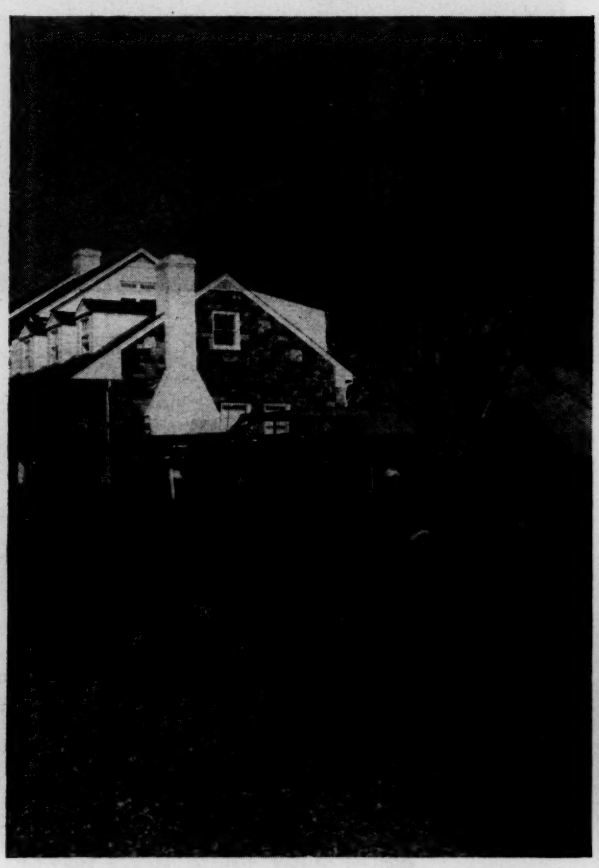

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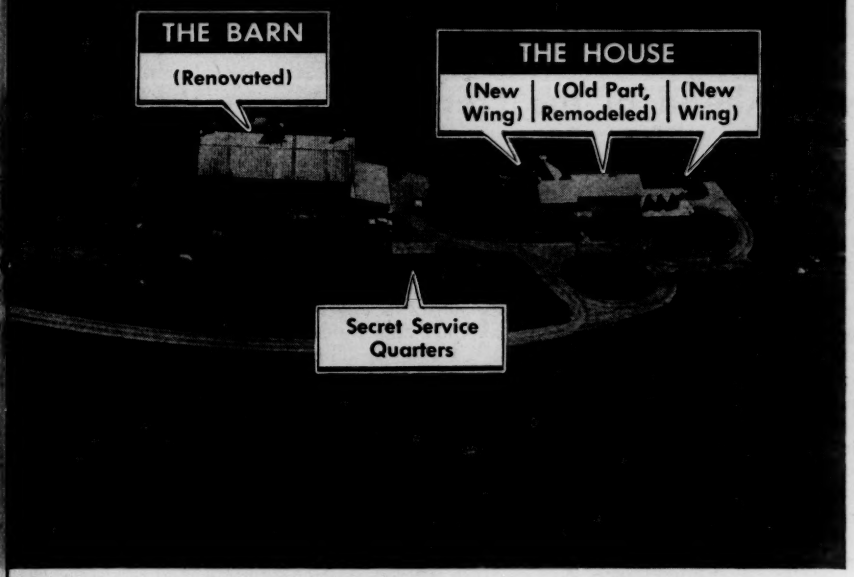

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British Get Jump in Red Trade

They're Ahead of the French in North Vietnam

New struggles for position are developing in Communist North Vietnam. Both Communist and non-Communist nations are involved.

French, trying to make a trade deal with Communists, find British getting ahead, starting to trade already.

Local Communists want to run the area, resist inroads of both Russia and China.

HAIPHONG

Britain, opening up trade with the Viet Minh Communists, is getting the jump on France. The British are quietly doing business with the Communists in North Vietnam, while the French still are bogged down in negotiations with Communist leaders.

British coastal vessels from Hong Kong are calling secretly at Viet Minh Communist ports. They drop off cargoes of cotton, rice and other goods that are scarce in North Vietnam, and pick up cargoes of timber, meat, lacquer, abrasives, vegetable oil and tea produced in the Communist area.

Behind the scenes. A respectable British trading firm in Honk Kong is handling the trade. To avoid any taint to its reputation, this firm is setting up dummy companies for each transaction.

One ship operated for that company went aground recently on the coast of North Vietnam while preparing to unload a cargo. The ship, *Thorneycomb,* was flying the Panamanian flag. It was captained by a Filipino skipper, and carried a cargo sold to the Viet Minh by a French agent in Hanoi. But the British trading firm actually was behind the whole thing.

This same company has at least six ships handling trade with Viet Minh Communists. They have called at North Vietnam Communist ports at least 10 times.

So far, the total amount of goods involved in this trade is not large. The important point is that Britain is getting its foot in the door early, establishing trade channels with the new Communist regime there even before the French succeed in making a business deal.

One view is that the British, aside from picking up a bit of business, are attempting to head off a French scheme to develop Haiphong into a second Hong Kong, which then could compete with Britain's Hong Kong for trade with China.

French in trouble. The French are having a bad time of it in trying to do business with their former enemies. They have gone out of their way to woo the Viet Minh Communists. A special French mission headed by Jean Sainteny has been in Hanoi for months attempting to negotiate an economic agreement covering both trade and the continued operation of French enterprises in North Vietnam. The mission has had no success.

Most of the French businessmen participating in these negotiations are about ready to give up any idea of continuing to run their plants in the Communist area.

A French company, Charbonage de Tonkin, probably will keep running the rich coal mines near Haiphong as long as the Communists are agreeable. But the company expects to have to surrender controlling interest—60 per cent of the stock—to Viet Minh authorities. Under U. S. pressure, all equipment bought with U. S. aid for use at the surface mines is being removed to Saigon.

The only other French company of any importance that still is trying seriously to stay in business in the Communist zone operates a cement factory at Haiphong. This plant has a sizable capacity, about 250,000 tons a year. Company officials are trying desperately to make a deal with Viet Minh authorities for the plant to keep operating with some prospect of a return for the stockholders in France.

Negotiations over the cement plant have dragged on for months. Some observers suspect that the Communists are keeping company officials on the hook until May 18, when all French troops are to evacuate Haiphong. After that, there will be no chance for the cement equipment to be removed, and the Communists will be in position to dictate terms.

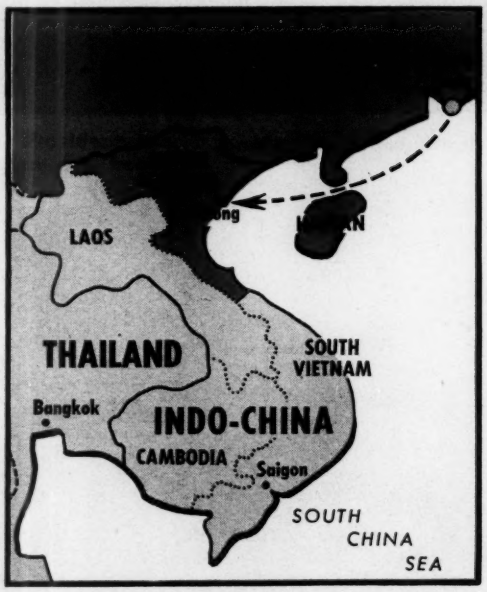
All this is just a sample of the problems that keep piling up for the French in North Vietnam.

Reds have their woes. All the troubles are not on one side. For the Communists themselves, the sailing is not altogether smooth.

A new rivalry is developing between Russia and China for supremacy in this Communist area. Intelligence sources report that Chinese Communists are eager to consolidate their control over the Viet Minh regime in North Vietnam. The Viet Minh Communists, though dependent on Red China for military supplies, are trying to assert their independence. Russia, wary of efforts by the Red Chinese to build up their Communist empire in Asia, is encouraging Viet Minh resistance to the attempt to make North Vietnam a Peiping puppet.

Ho Chi Minh, Moscow-trained boss of the Viet Minh Communists, is determined to run his own show, to keep control away from both Chinese and Russians.

Among Communist and non-Communist nations alike, a struggle for position is developing in this area. This struggle, on both sides, is going on quietly, behind the scenes. But the French, who once controlled the area, seem to have the poorest chance of keeping even a foothold.



WHERE BRITISH SHIPS SLIP IN
. . . trying to keep the Red door open

Cadillac

They'll Take The Cadillac Tonight!

This, as you can see, is a very special occasion. And so we feel certain that—having a choice—they'll take the Cadillac tonight!

And what a happy choice it will be!

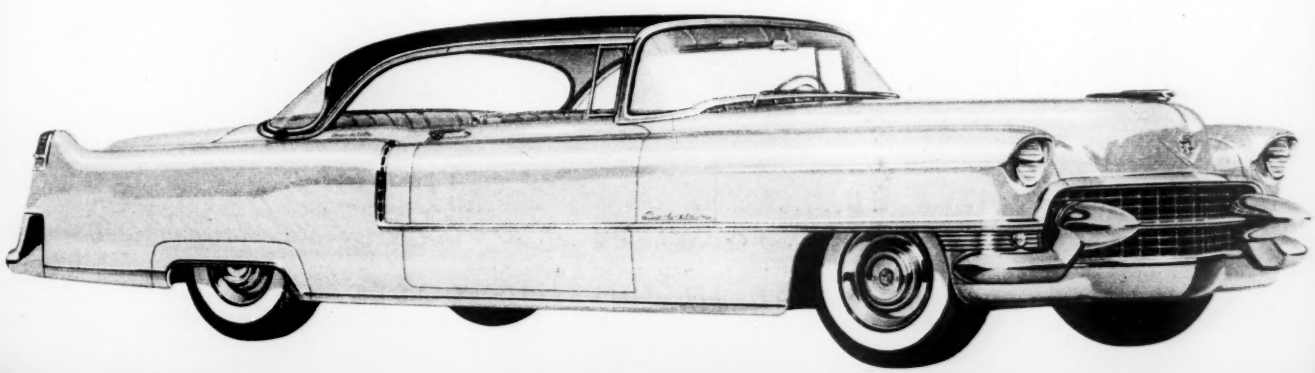
Imagine, for instance, how *proud* they'll be when they arrive in the "car of cars"—and find themselves the subject of admiring glances on every hand.

And how rested and relaxed! For a Cadillac is so wonderful to ride in and drive that they are certain to reach their destination refreshed . . . and eager for the evening's activities.

Yes, they'll take the Cadillac tonight. But this is not to imply that a Cadillac gets the call only for special occasions. On the contrary, the car is such a joy to utilize that it is invariably the family favorite for *every* journey.

We think you'll understand the reasons for this—once you've spent an hour with a new 1955 Cadillac. Why not accept your dealer's invitation to do so—soon?

CADILLAC MOTOR CAR DIVISION ★ GENERAL MOTORS CORPORATION



"BIG ROCKER"

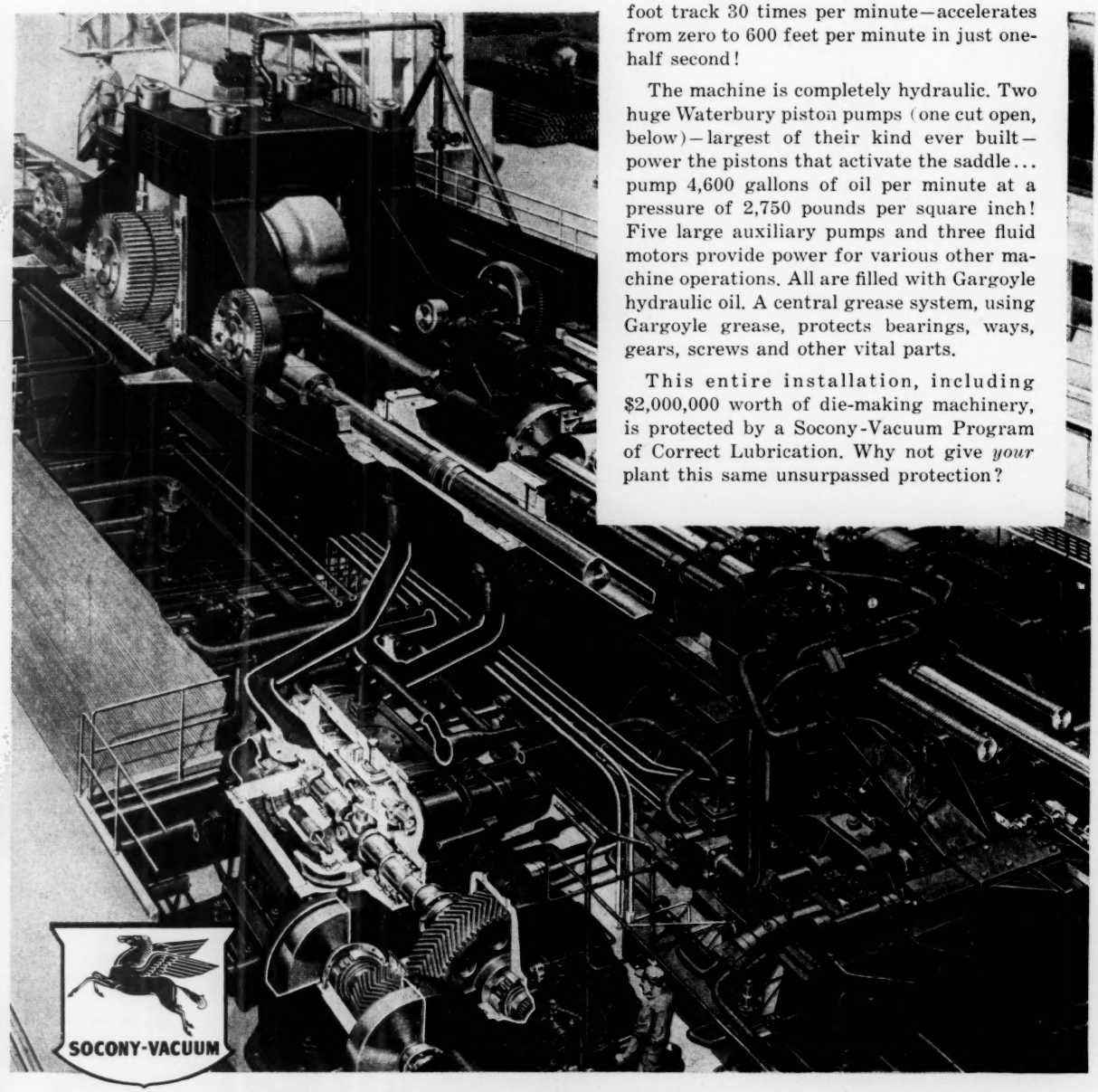
World's Largest Tube Reducing Machine Protected by the World's Greatest Lubrication Knowledge

It's 100 feet long, three stories high, weighs 675 tons! It's the world's largest tube reducing machine, built by E. W. Bliss Co., for the Tube Reducing Corp., Wallington, N. J. This giant takes rough, 18-inch O. D. cold steel tubing and reduces it to between 17- and 9-inch tubing. Finished tolerances are precise.

Heart of the Big Rocker is the "saddle" (top) which holds the huge dies that shape and stretch the tubing. This saddle, weighing 152 tons, rocks back and forth on a six-foot track 30 times per minute—accelerates from zero to 600 feet per minute in just one-half second!

The machine is completely hydraulic. Two huge Waterbury piston pumps (one cut open, below)—largest of their kind ever built—power the pistons that activate the saddle... pump 4,600 gallons of oil per minute at a pressure of 2,750 pounds per square inch! Five large auxiliary pumps and three fluid motors provide power for various other machine operations. All are filled with Gargoyle hydraulic oil. A central grease system, using Gargoyle grease, protects bearings, ways, gears, screws and other vital parts.

This entire installation, including $2,000,000 worth of die-making machinery, is protected by a Socony-Vacuum Program of Correct Lubrication. Why not give *your* plant this same unsurpassed protection?



SOCONY-VACUUM *Correct Lubrication*

FIRST STEP IN CUTTING COSTS

SOCONY-VACUUM OIL COMPANY, INC., and Affiliates: MAGNOLIA PETROLEUM COMPANY, GENERAL PETROLEUM CORPORATION

YOUR 52-CENT DOLLAR: SOUND NOW

Three Years Without a Change—Outlook Good

The dollar at last gives promise of holding its value in the years ahead.

Eisenhower policy of bringing back a "sound dollar" shows every sign of success.

In terms of what the dollar could buy, it shrank from 100 cents in 1939 to 52 cents in 1952. There has been no shrinking since.

This development is important to savers and spenders alike.

It means that people who save dollars can be sure of getting their money's worth when they cash in their savings.

Spenders are assured that what they earn today will buy the same goods tomorrow.

For the first time in 15 years you can sit back now and be fairly confident of these things:

- The dollars that you save are not going to lose value over the next year or two, or in the foreseeable future.
- If you lend money, you can be fairly sure that when you are paid back you will get dollars which will buy as much as today's dollars.
- If you borrow, there is no longer any assurance that the dollars you have to pay back will be less valuable than the dollars you borrowed.

In other words, the promise of President Eisenhower to bring back a dollar of stable purchasing power apparently is being fulfilled. The purchasing power of American money, over a period of three years, has remained unchanged. A test over that period of time is regarded as fair proof of stability.

Back in 1939, before World War II, the dollar is considered, for purposes of measurement, to have been worth 100 cents. By 1952—13 years later—that dollar had so shrunk in value that it would buy only what 52 cents would have bought in 1939, as the Pictogram on pages 36 and 37 shows. The 100-cent dollar, in other words, had become a 52-cent dollar.

Today's dollar still is a 52-cent dollar when compared with 1939, but it is holding at that level, not declining further in value.

This is news of major importance to nearly everyone. It affects the housewife, the retired person, the man on salary, the farmer, almost every person who earns or saves. It means that the same-sized pay check will buy next week as much as can be bought this week. It means that the dollar saved this year will buy the same amount of goods and services next year. It means that the value of stored-up purchasing power will not change. This is a situation that tends to give confidence to savers.

That was not the case during the war years, or the years that immediately followed the war.

A loss on bonds. People who bought savings bonds in 1940 discovered 10 years later, when the bonds matured, that they had lost money. A bond with a $100 face value was bought for $75. But, in 1950, when the $100 bond matured, it was worth only $58 in terms of goods that go into the cost of living. People who had loaned money to the Government were paid back in cheaper dollars.

Outbreak of the Korean war in June, 1950, brought another decline in the dollar's value. People rushed to buy goods. Business firms began to build up stocks of materials. The Government launched a big arms program. Everywhere there was an attempt to change money into goods. The result was a general rise in prices that shaved 6 more cents off the dollar, bringing its value down to 52 cents in 1952.

—USN&WR Photo

AT THE MARKET

. . . prices no longer keep rising

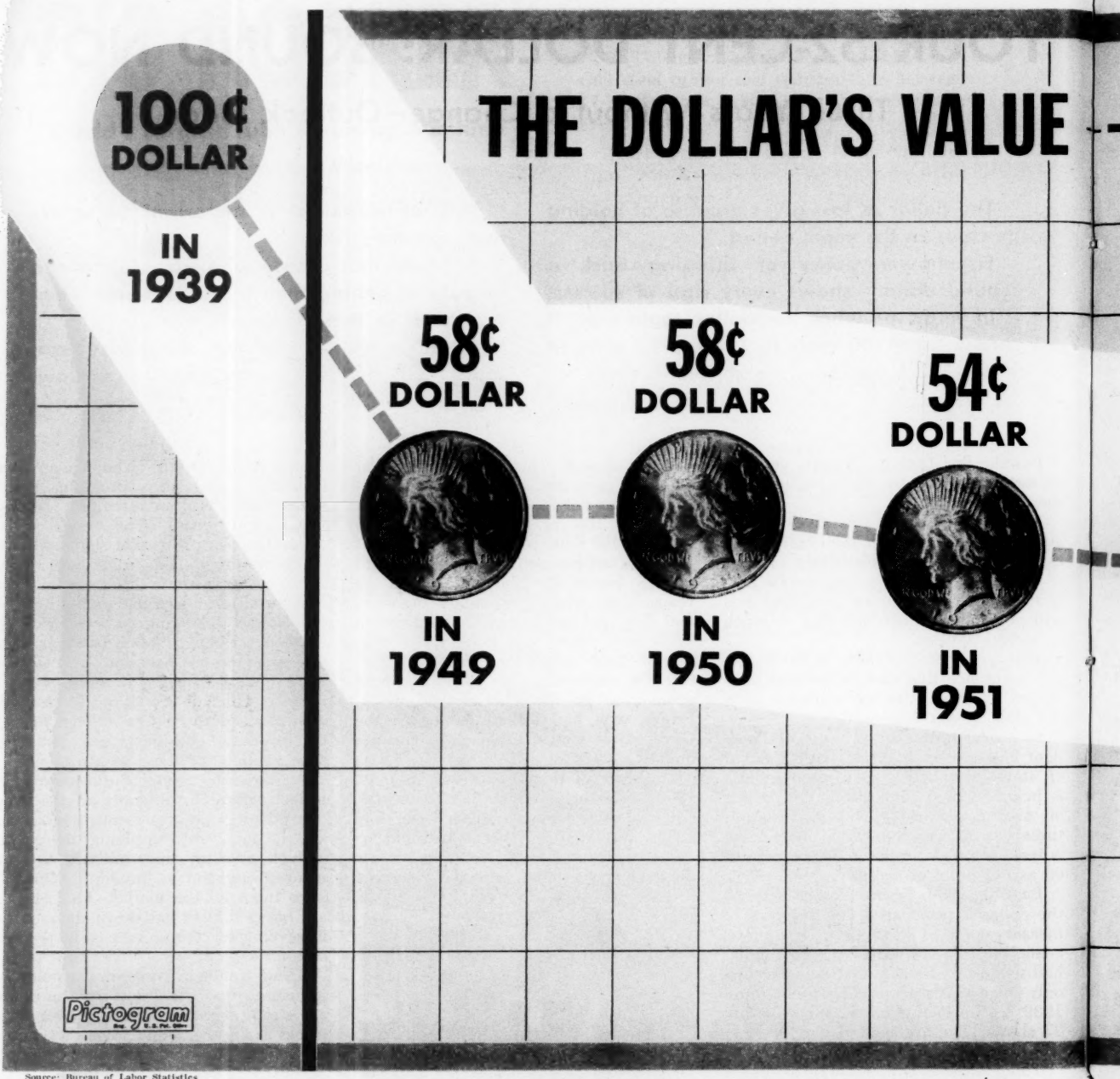
Now all that has changed. The Government is following policies designed to keep the dollar stable in value. Federal spending has been cut. The Government budget is being brought closer to balance. Officials are trying to keep the money supply just large enough to meet the needs of business, but not more than enough for those needs.

At the same time, businessmen and farmers are able to supply all the goods that people want at present prices. Farmers, in fact, are supplying more than enough in many lines and the Government is engaged in buying surpluses to keep them off the market. Farmers also are being told to cut down their output in several key crops, such as wheat and cotton.

These trends in Government policy, in industrial production and in farm output are strong signs that no big increase in prices is in the offing. That is another way of saying that the dollar's value is not going to shrink any more in the near future.

The same trends suggest that there is not going to be any sharp decline in prices either, that the dollar is not going to gain much in value. High demand of people for automobiles, home appliances, food and clothing gives assurance against any break in the price level.

Outlook: steady value. In short, the country seems to have adjusted to the 52-cent dollar. The outlook is for a rather long period of stability in the value of money, barring another war that would start the wheels of inflation turning



Source: Bureau of Labor Statistics

again. That stability actually took hold in 1952, remained through the boom that reached its peak in 1953, and held through the business setback of 1954. Now business activity is turning up again, but there are no signs that this upturn is to disturb the general level of prices.

The stability that is evident in the general level of prices shows up in all the items that go into the cost of living for the average U. S. family. Over the last two years there has been remarkably little change in price for anything.

Food prices—the largest charge on the average family budget—are a trifle lower now than two months ago, but food has cost about the same amount ever since 1951. Clothing prices also are down a shade, but they haven't varied much either in two years.

Rents have been in a rising trend since 1949, but the rise now appears to be ending. The building boom that has been going on ever since the end of World War II appears to have brought supply close to the level of demand for housing. Recently there are reports of lower rents in several parts of the country.

All in all, the American family is able to budget its household expenses fairly accurately at this time. Cost of food, clothing and household operations has not changed significantly since 1951 and gives little sign of changing in the period ahead.

Other family expenses also have leveled out. The price of used automobiles has dipped somewhat in recent

© 1955, By U. S. News Pub. Corp.

months and discounts are widely reported in the prices of new cars. Government figures on family transportation show that it costs a bit less than it cost a year ago to get around. The cost of medical care has been rising gradually in recent years, but latest figures indicate that, in this field, too, the rise has stopped.

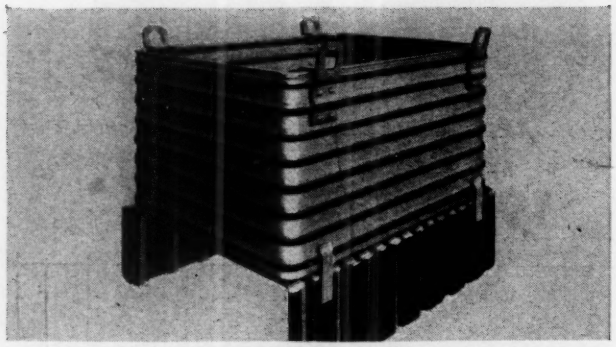
What has happened is that the country appears to have adjusted from the effects of World War II and the Korean war, and now has reached a solid base. If this situation continues, as it shows every sign of doing, the postwar adjustment this time will prove to be smoother than the adjustments that have followed all other wars from the American Revolution through World War I.

Wars always have caused the dollar to lose value, and the recent wars were no exception. In earlier periods, however, postwar adjustments were marked by severe price declines, unemployment and depression. This time a depression has been avoided. The dollar appears to have been stabilized without the distress that has accompanied other postwar periods.

Rising standards. Meanwhile, people's incomes are increasing. Weekly factory pay checks are at an all-time high, on the average, and more people are finding work. Individual incomes, in total, are at a record high mark. These payments, furthermore, are being made in dollars that have a firm purchasing power. That means that the standard of living in the United States is rising.

Put this usually wasted space to work with

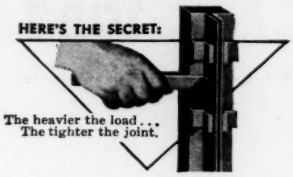
Republic Wedge-Lock long parts storage units



REPUBLIC MATERIALS HANDLING EQUIPMENT is built to meet the requirements of each individual job. Steel boxes, skids and pallets speed production, save floor space, require minimum maintenance, help produce savings. Pictured is the PB-120-CT Box and Skid Unit for use with lift truck. Also fitted with combination tiering and lifting lugs for easy crane handling. Contact your local Republic materials-handling dealer or send coupon for more information.

YOU GET BOTH BEAUTY AND EFFICIENCY when you outfit your office with handsome equipment made by Republic's Berger Division. Smartly styled steel desks feature new eye-comfort tops to reduce eye fatigue. Rigid construction and nylon glides assure smooth non-sticking operation of drawers. Berger's modern Steel Vertical Files, built for a lifetime of service, are striking companion pieces. Send coupon for complete information on the big Berger line.

Exclusive construction permits high stacking of tremendous loads

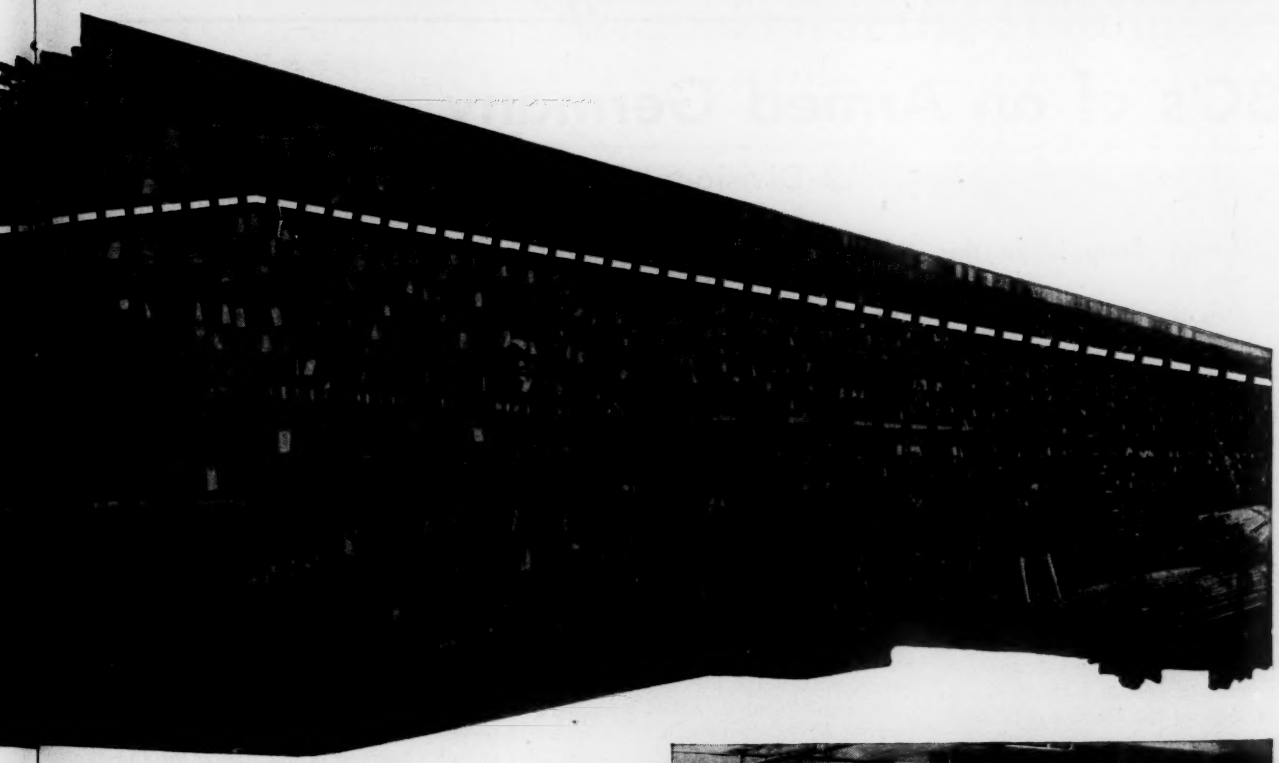


Overhead storage space may be going to waste in your present system. Particularly, where heavy or bulky items are stored.

Wedge-Lock Long Parts Storage Units are specifically designed for high stacking of enormous weights—with no sagging, swaying, or buckling. The reason is the exclusive joint design developed by Republic's Berger Division. As weight increases, joints actually get tighter, increasing the stability and rigidity of the entire assembly. Result: you get maximum loading in a minimum of floor area

REPUBLIC

World's Widest Range of Standard



—plus a more efficient use of overhead space.

Amazing Wedge-Lock increases the efficiency of your entire handling system by providing wide unobstructed aisles, easy access. It is completely flexible, can be assembled quickly and easily to accommodate your own specific storage requirements.

Specify Wedge-Lock for a smooth, fast flow of materials from receiving to shipping. A storage-engineering expert in your nearby Berger Division sales office is always available to help you determine your needs and plan an efficient installation. Call him soon or send coupon for literature and full information on the Wedge-Lock principle.

STEEL

Steels and Steel Products

THE WORLD'S LEADER IN LOCKERS, Republic's Berger Division offers a wide selection of standard steel lockers for every industrial use. Modern design assures full-time protection for personal property. Handles are tamper-proof, cannot be removed. Continuous door strikes along sides prevent insertion of tools for prying. Berger offers a complete locker planning, engineering and installation service. Send coupon for more details.

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Please send me complete literature on:

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K-7714

ABC's of an Armed Germany

12 Divisions—1,300 Planes—A Coastal Navy

A German Army is on the way.

Building it will take at least four years. There will be half a million men, an Air Force, a Navy, but no goose-stepping.

Command is divided. German generals, German civilians, even French generals give orders. Germans, this time, are to help defend Europe, not conquer it.

BONN

The way is cleared, at long last, for the creation of a German Army.

Ten years of debate about the wisdom of arming the Germans is over. Even the French have accepted the idea. The job now is to build the kind of German Army which will help to defend Europe, not try to conquer Europe.

No "crash" program to arm Germans in a hurry is contemplated. It will take four years, at least, before a German Army is ready.

Goose step is out. Top control of the new German Army is to be in the hands of civilians, not military men.

Here are the ABC's of the Western plan to get half a million Germans ready to fight on land, in the air and at sea in the Allied defense of Europe.

The timetable. There is complete agreement here in Bonn as well as in Paris, London and Washington that the Germans are not to be made ready to fight this year or next.

All concerned, particularly the leaders of postwar Germany, are committed to a carefully prepared program of German rearmament.

Germany is to be taken out of the postwar limbo of defeat and occupation by May or June. By that time the last formalities of ratification and the formal deposit of signed agreements are to be completed. The North Atlantic Treaty and the Western European Union Treaty are to be amended to permit entry of a sovereign West Germany into both alliances. No hitch is expected.

First phase of creating a German Army involves the passage of laws for the creation of armed forces in a country which has had none for 10 years. Recruiting offices must be set up. Volunteers must be screened. All that will take at least six months.

Next phase will begin, at the earliest, in November when the first volunteers are taken into the armed forces. These will be the professionals, the skeleton force of men who want to make a career of soldiering. There will be 150,000 of them, and it is to take at least 18 months to get them ready.

Last phase involves the whole procedure of taking in conscripts, the civilians liable for 18 months of military service. In this phase, too, comes the complex business of integrating the German units with the forces of other countries now under NATO command in Europe.

U. S., British and French troops now

THE NEW GERMAN ARMY

HOW SOON?	First volunteers: this November. First conscripts: May, 1957. The full force: not before 1959.
HOW BIG?	Land Army: 12 divisions, 380,000 men.
WHAT KIND?	Ultramodern, with 4 armored, 2 mechanized, 6 motorized divisions.
WHO COMMANDS?	A German General Staff inside Germany, but the NATO staff in matters involving Europe.
WHAT AIR POWER?	An Air Force of 1,300 planes and 85,000 men.
WHAT NAVY?	A coastal fleet of high-speed patrol boats and 25,000 men.
WHOSE ARMS?	U.S.-made arms at the start, then German-made arms.
THE COST?	To set up armed forces of half a million Germans: 10 billion dollars.
WHAT RESULT?	With Germans added, NATO forces can defend Europe.

© 1955, By U. S. News Pub. Corp.

in Germany will stay there. But the status of these troops is changed. They will no longer be "occupation" troops nor will the Germans be billed for their maintenance. They will instead be the troops of powers allied with Germany who, with the Germans, are assisting in the defense of all Europe.

Atomic-age army. The new German Army will be built to operate in an era of atomic warfare. The Germans will not be permitted to make atomic weapons of their own, but their armed forces will be organized around the atomic weapons which the U. S. will make available to NATO forces in the event of a Soviet Russian attack on Western Europe.

Land army as now planned will total 380,000 men. About 150,000 of these will be organized into 12 combat divisions, all to be placed under the Supreme Commander of NATO forces in Europe, Gen. Alfred M. Gruenther.

The German divisions will include four armored and two fully mechanized units. All 12 will carry the most modern arms, but will get no atomic, bacteriological or chemical weapons or guided missiles unless a two-thirds majority of the civilian leaders of their European allies agree to it.

Troops not assigned to NATO, about 230,000 in all, will include at least two thirds of the 150,000 professional troops, the volunteers. Their major job will include the basic training of conscripts who are to be called up at the rate of about 60,000 every six months.

The German conscript will get 18 months' training. Basic training will take a year. After that the German civilian will get six months of service with one of the combat divisions. Then he goes back home, but he is subject to Army call until he is 45 years old.

Air Force will be tactical, designed to operate with troops. Long-range strategic bombers are barred for the Germans. But the German Air Force of 85,000 men will have 8 wings of fighters, 6 wings of fighter-bombers, 2 all-weather wings, 2 reconnaissance and 2 transport —1,300 planes in all.

Navy will be small and designed largely for coast defense in the Baltic Sea. Some 20,000 men will operate fast torpedo boats, antisubmarine fighters, mine sweepers and, possibly, submarines of limited range.

A mixed command. The command structure of these German forces, under present planning, is a complex system of checks and balances. German and Allied experts agree that this question is likely to give trouble.

A German General Staff will be revived. It may be headed by Gen. Ludwig Cruewell, who succeeded Gen. Erwin

(Continued on page 42)

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Manager, Lighting Division, Westinghouse Electric Corporation

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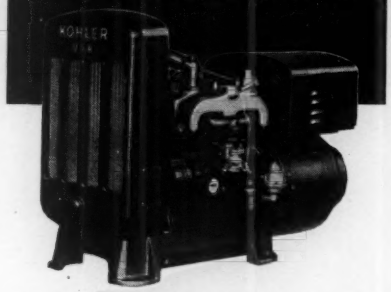

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[*continued*]

ABC's OF GERMAN ARMY

Rommel in command of the World War II Afrika Corps but was ousted by Adolf Hitler. Army Chief of Staff may be Gen. Adolf Heusinger, also ousted from a wartime staff post as anti-Nazi.

Present plans call for this General Staff, in command of the new German Army, Navy and Air Force, to report directly to a Defense Commissioner, currently a tough former trade-union official, Theodor Blank.

All combat units in the German armed forces are to be under NATO command. Some German divisions will be in U. S. and British Army corps. Others may be in all-German corps. Most will be under the Commander in Chief, Allied Forces, Central Front. He is a Frenchman, Marshal Alphonse P. Juin, who takes orders from General Gruenther.

There is a strong movement, not only in Bonn, but in Washington, London and Paris as well, to set up separate staffs for the German Army, Navy and Air Force and to have these report to three civilian ministers. "Unification may be O.K. for the U. S.," said one U. S. officer, "but it's dangerous to give the Germans a unified staff—it would soon be running the armed forces, Germany and maybe NATO too."

Precautions down the line. From the top command down to the training of the lowliest conscript the plans for rearming Germany are designed to play down militarism, play up democracy.

The goose step, the stiff-legged drill step taught to German troops under the Empire and the Nazi regime, is officially banned. Uniforms are to be olive drab, U. S. style, not the familiar German field gray. Many democratic procedures, common in the U. S. Army, but new to Germany, are to be tried.

Most German officers are opposed to such reforms. In the West German Frontier Guard some units were found to be "goose-stepping" on their own anyhow. Only experience will show whether the new reforms will survive.

Plenty of manpower. There is no lack of manpower, much of it well-trained, for the new German Army.

Volunteers already have been permitted to turn in their names and addresses, and 130,000 have done so.

Considerable doubt about the attitude of Germans toward rearmament rose in recent years as the result of public-opinion polls. Sampling of Germans of all ages, including women, showed 52 per cent opposed to arming. The same research organization, however, polled young men of military age after it was decided that Germany was to have an Army. Two thirds of them said they were prepared to enter the Army.

Arms and equipment available. The U. S. has enough arms and equipment on hand in Europe now for the outfitting of the 150,000-man skeleton force of professional soldiers. U. S. arms earmarked for eventual German use are valued at about 700 million dollars.

Under the treaties, Germany has renounced the right to make nuclear, bacteriological and chemical weapons. But the Germans can manufacture other weapons, including fighter planes, light bombers and tanks, required by their forces. They can make submarines too, if and when a German submarine force is authorized by NATO's command.

Most heavy equipment for the German armed forces, however, will come from the U. S. as gifts or will be purchased from the British.

—Black Star

THEODOR BLANK
. . . civilian head of the Army

All small arms for German forces will be made in Germany. Businessmen and German Government economists want to buy as many arms as possible abroad to keep German factories busy on profitable trade. German military leaders, however, want Germany to acquire know-how in arms making.

Trouble likely. Plenty of troubles lie ahead before Germany has an Army. Soviet Russia will do whatever it can to cause delay. German civilians expect to meet difficulties holding down German militarists. But a German Army to take part in the defense of Western Europe now is on the way.

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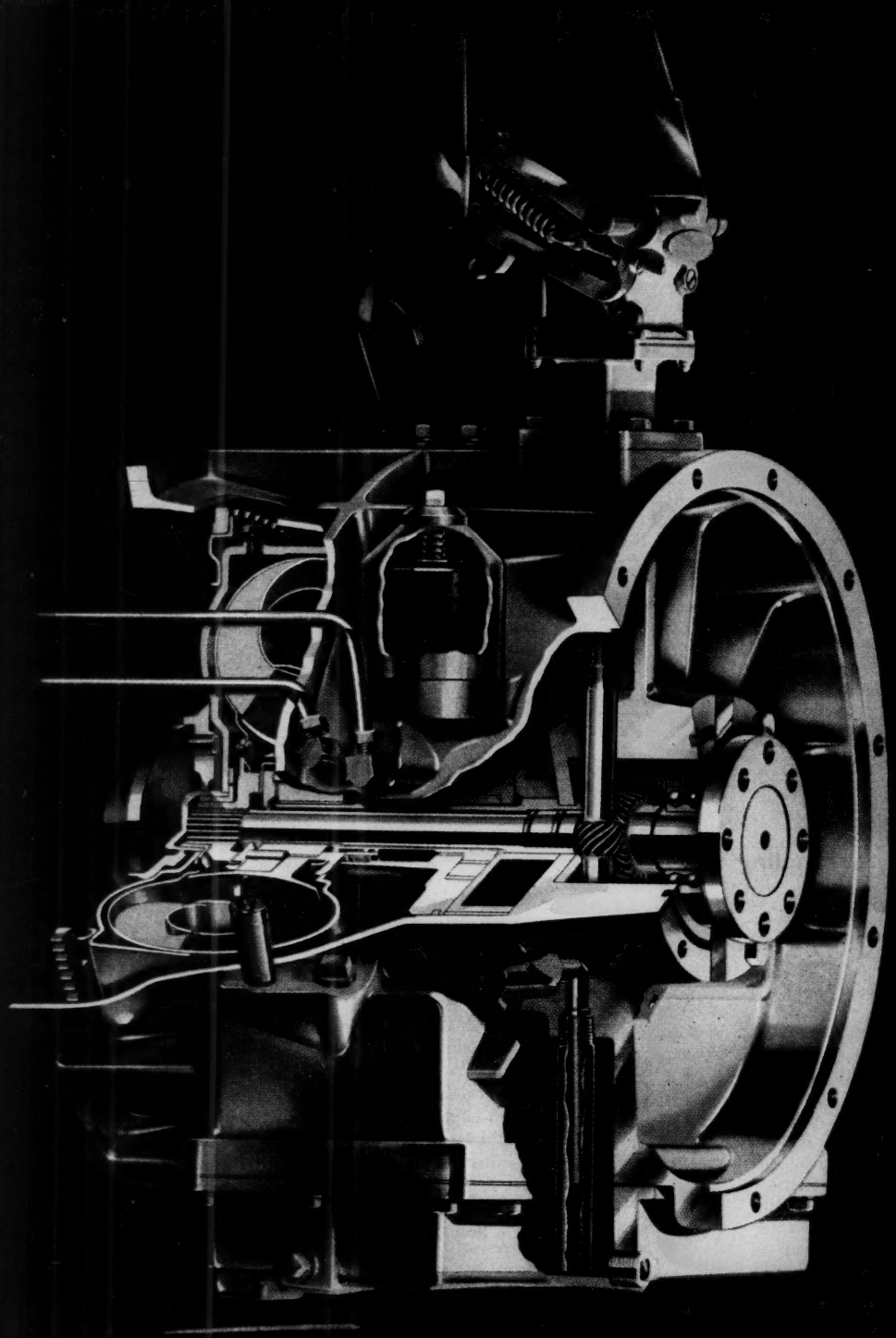

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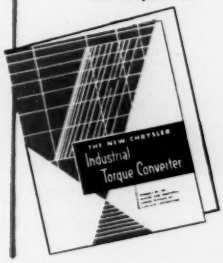

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Report on Hiroshima:

THOUSANDS OF BABIES, NO A-BOMB EFFECTS

From medical records of the only people who have lived through an atomic blast—

Their children are normal. Radiation burns have healed. There's no radiation blindness.

That is the official report on Japanese A-bomb survivors.

The man who knows most about the effect of A-bomb radiation on human beings has this to say in a history-making report:

- Children of Japanese survivors of atomic bombs are normal, healthy, happy. That's the verdict based on study of 70,000 babies, including 50,000 born to parents caught in atom blasts.
- There is no evidence that future generations of A-bomb survivors will produce deformed or retarded children.
- Among 31,000 survivors of the A-bomb at Hiroshima who were exposed to the heaviest doses of radiation, only 44 have shown up with leukemia, or cancer of the blood. This is a higher rate of leukemia than among non-exposed people. But there hasn't been a great increase in cancer of all kinds, such as many scientists feared might accompany radiation exposure.
- Of 4,400 children hit by heavy radiation, in the Hiroshima blast of nearly 10 years ago, only 29 now show any sign of injury other than well-healed scars from blast damage or burns.

These facts rest upon an official study, made in Japan, covering nearly 10 years. It is a real-life study of actual effects of rays from a superbomb. The study's results to date are reported by Dr. Robert H. Holmes, director of the U. S. Atomic Bomb Casualty Commission.

This Commission of physicians and other scientists has been making the intensive study for the U. S. Atomic Energy Commission of radiation effects among survivors of the A-bombs dropped on Nagasaki and Hiroshima in 1945. It reports only facts; no theories or guesses.

What the Commission has found to date at Hiroshima was reported by Dr. Holmes in the course of a television broadcast over the National Broadcasting Company network on March 29.

He noted that the ABCC study covers 31,000 survivors who were within a mile and a quarter of the blast.

Of the 31,000 close-in survivors, only

HIROSHIMA: 1945

HIROSHIMA: TODAY
. . . where tests were made

—United Press photos

CHILD OF SURVIVOR GETS A WEIGHT CHECK
. . . normal, healthy, happy

6,000 showed symptoms of radiation effects. On what has actually developed over the years, in these people and their children, Dr. Holmes says this, as recorded from the March 29 broadcast:

Cancer. "Examinations have revealed that more of the persons exposed to heavy irradiation have developed leukemia—a sort of cancer of the blood. The rate was 16 times higher among those within the 2,000-meter [mile-and-a-quarter] radius. Although this rate may seem quite high, it actually involves only 44 persons in Hiroshima within this distance [of the bomb blast].

"I would like to emphasize that this is not a special type of leukemia, but the same kind that may occur anywhere, in any population not exposed to radiation."

Cataracts. "More cataracts also have occurred in those persons heavily exposed. For the most part, these have been minor cataracts and have not interfered with vision. About 41 per cent of those persons studied within the 2,000-meter radius showed small spots in the lens of their eyes. By way of comparison, only about 8 per cent of a nonexposed group showed a similar defect. There

(Continued on page 48)

FACTS ABOUT RADIATION EFFECTS ON BIRTHS

An official study of childbirth records for thousands of Nagasaki and Hiroshima A-bomb survivors makes these points:

CHILDREN'S SEX

No definite change occurs in ratio of boys and girls where parents were exposed to atomic explosions.

MONSTERS

Parents hit by radiation do not produce an abnormal number of deformed children.

STILLBIRTHS

Apparently, mothers exposed to heavy radiation have a slightly-above-normal tendency toward stillbirths.

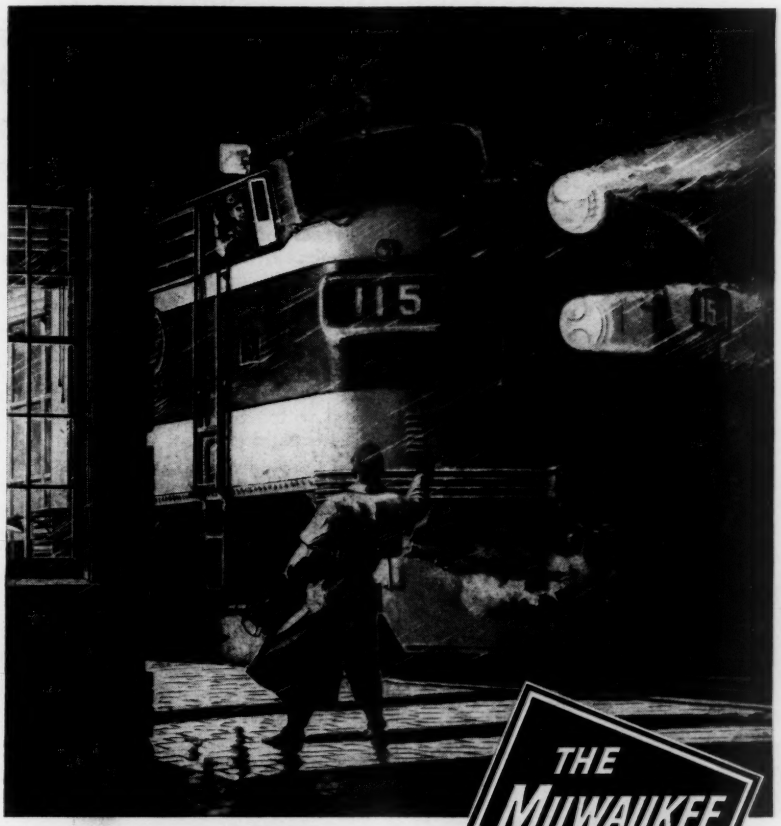
BABIES' WEIGHT

Contrary to theory, babies born to "radiated" parents have been slightly heavier than average.

HUMAN GENES

There is no indication that human genes, determining inherited characteristics, are unusually sensitive to radiation.

From a study by the U.S. Atomic Bomb Casualty Commission, as published in Nov. 6, 1953, issue of *Science*, weekly magazine of the American Association for the Advancement of Science.



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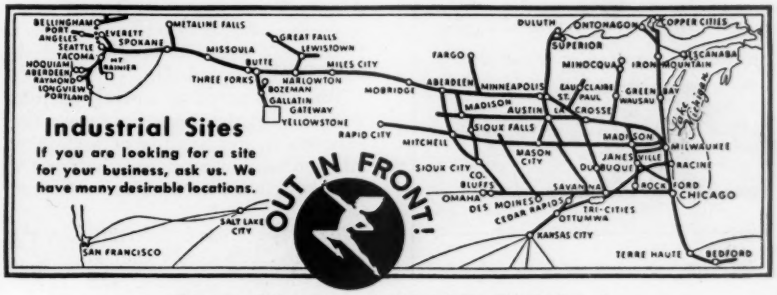

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[*continued*]

REPORT ON HIROSHIMA

have been no cases of established blindness related to the A-bomb."

Effect on babies. "Now, what about the effect of radiation upon future generations? I know there has been considerable discussion of this subject.

"Let us begin with mothers who were carrying unborn children at the time of the explosion. In Hiroshima, there were 185 such mothers who survived within the 2,000-meter radius. Of all the children born of such mothers, there were only eight that showed a significant defect which could be attributed to radiation. These are children who were born with their heads slightly smaller than normal size and with some degree of mental retardation. This defect occurred only in those infants whose mothers were within the seventh to fifteenth week of pregnancy [when the A-bomb exploded].

"We have noted in a study including 70,000 babies that there has been a slight reduction in the number of male births. This finding, however, may be related to other environmental factors."

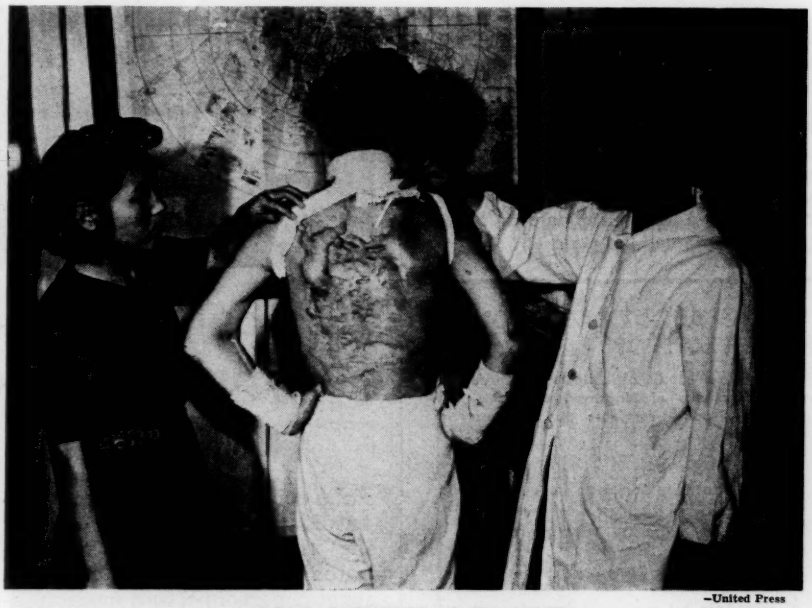
Fertility. "Some infertility was observed in individuals immediately following heavy exposure. But as their general health returned, these cases recovered."

Mutations, or "monsters." "As for an increase in malformations among the future generations of A-bomb survivors, I must frankly state that we have no evidence that this will occur. The families that we have seen have given no indication. The offspring of the exposed generation up to now appear to be normal, healthy and happy. What the future will show is a problem for further investigation."

Questions for the future. "It is just as important to establish negative as positive findings. Our studies are continuing. Significant leads have been obtained from Dr. Jacob Furth and others at Oak Ridge who exposed a large population of mice to radiation and followed them until their natural death.

"There was an increase of leukemia and cataracts among these mice, just as we have observed among the A-bomb survivors. The mice also showed a significant shortening of their life span and an increase in cancer.

"These questions, of course, are before us. Will there be a shortening of the life span among the people of Hiroshima and Nagasaki? Will there be an increase in the number of tumors? We do not know. Ten years have not been long enough, and only the passage of time can reveal these secrets."



—United Press

A-BOMB SURVIVOR IS EXAMINED
. . . no upsurge of cancer cases

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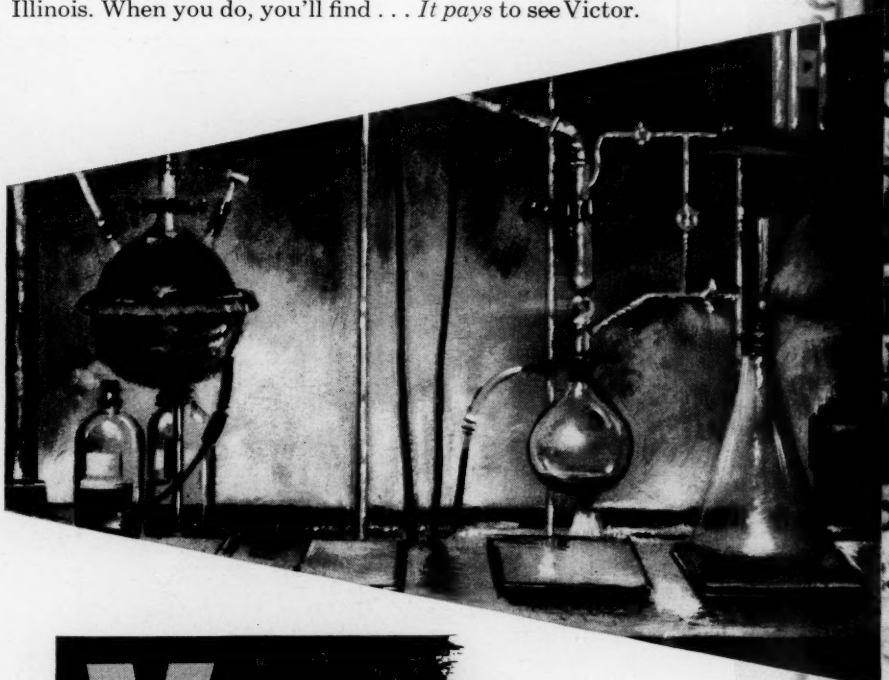

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The President and His Church

What Senator Neely Says . . . Some Replies

Charges of mixing politics and religion are leveled at President Eisenhower by Senator Matthew M. Neely, West Virginia Democrat.

Three churchmen and a host of Republican Congressmen, among them Senator Joseph R. McCarthy, spring to the President's defense.

Here, in the words of Senator Neely and several of President Eisenhower's defenders, is the story as it developed.

Senator Matthew M. Neely (Dem.), of West Virginia spoke at the fifteenth UAW-CIO Constitutional Convention in Cleveland, Ohio, on March 28. Text of the section of Senator Neely's speech dealing with President Eisenhower, politics and religion:

"Mr. Eisenhower was born, according to the books, in 1890. He never voted, and there is no evidence that he ever tried to vote until 1949 or '50 when he voted over in New York. Until two years before he became President he was not able to decide whether he was a Democrat or a Republican, just like Taylor or Grant. Strange to say, when I look at Monday morning's paper I see his [President Eisenhower's] picture on the front page or on some other page telling that he has been to church on Sunday. When you see that you will decide that he must have been an apostle, a crusader for the Babe in Bethlehem, ever since he was old enough to speak or walk or talk. But do you know that he didn't join a church until after he became President of the United States, and then he joined the church which I joined more than 50 years ago.

"Ladies and gentlemen, I object to making any religious connection any part of a political campaign either as an expression for what has happened in the past or what might happen in the future.

"Nobody believes more in the Holy Bible and in religion than I do. Nobody detests seeing it publicized and seeing it put on for show more than I do. It is denounced by the Man in Galilee again and again in various ways. He denounced the publican who prayed in public so that he could be seen by men. And what does it say in the Sermon on the Mount about publicizing our being a member of the church and saying our prayers? The Lord said when we pray we should go into a closet. That isn't all. In order to shut out the publicity and the news hounds and the politicians who want to make capital out of it we should shut the door, and then after we have taken these precautions we pray in secret and God who heareth us in secret will reward us openly.

"Away with hypocrisy. I don't care what denomination it is, I don't care what color or creed a member of a church is, I denounce a man who tries to parade his religious associations or connections for political purposes. It is ungodly and against the teachings of the Scripture. If that is an unreasonable and unfair statement, then you can make the most of it.

"I couldn't help but notice with regret and remorse a few days ago an item in a great religious paper—one of the greatest newspapers published in the United States—I am not going to mention it because you all probably know what I mean. I have taken the pains to look in about three different issues, and I find that religious paper now talks more about Eisenhower than it does about Almighty God. Ladies and gentlemen, next Monday I don't want to see in any paper in the land Eisenhower's picture telling that he went to a certain church and that he worshiped in that church. I want to know whether Almighty God was in that church when that service was held.

"It has reached the point where three or four Sundays ago an individual came to Washington and he called up a

—United Press

IN WASHINGTON: The Rev. Edward L. R. Elson walks from church with President and Mrs. Eisenhower

church. It didn't happen to be the one where the President was going to worship. He asked the minister there whether President Eisenhower was going to attend church there that day, and he said if he was he wanted to be there because he had never seen him.

"The minister said: 'No, my friend, I have tried to tell you that we do not expect President Eisenhower at our church today, but God will be there and we do hope He will be a sufficient attraction to bring you forth to worship on this occasion.'"

Senator Neely's remarks, reported in news dispatches, brought a flood of statements defending President Eisenhower, from ministers and Republican Congressmen. On March 29, three ministers issued statements to the press. The Rev. Eugene Carson Blake, president, The National Council of Churches of Christ in the U.S.A., and also stated clerk, The Presbyterian Church in the U.S.A., said:

"As a nation we recognize the importance of religion in our heritage and inscribe on our coinage and stamps the affirmation of faith, 'In God we trust.'

"When the Chief Executive of the nation gives the whole people an example, by his regular attendance at the church of his choice, all the men of faith should be glad. The officials of his own church and of all churches are, I am sure, thankful for the manifest sincerity of the President's Christian faith.

"Many adults are making decisions every day to join churches. To question the motives or challenge the sincerity of the President or of anyone else who makes such a decision is presumptuous. Such matters are the concerns of the conscience of the individual and the discipline of the church."

The Rev. Edward L. R. Elson, pastor of the National Presbyterian Church, Washington, D.C., where President Eisenhower was baptized and is now a member:

"President Eisenhower will be remembered for many great and notable achievements as a military commander and statesman in one of the most difficult periods of the history of the world.

"When everything has been evaluated it may well be that his greatest contribution to our age may be that which he has made by example and public utterance toward the renewal of American spiritual vitality.

"The religious life of the President is so transparently sincere as to be self-validating."

The Rev. Robert S. Lutz, pastor of the Corona Presbyterian Church, Den-

(Continued on page 52)

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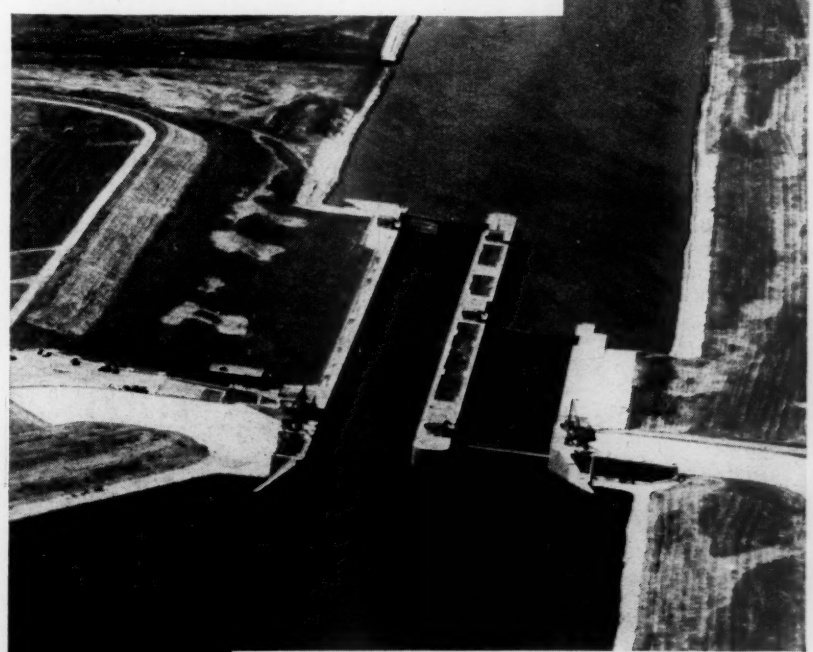

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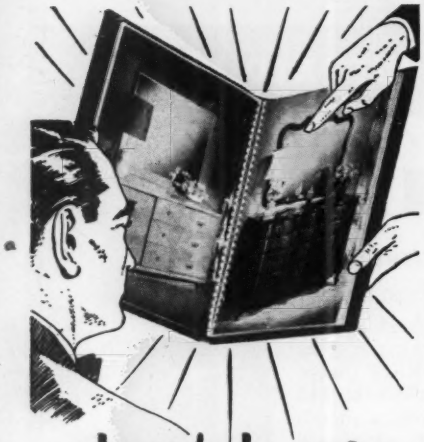

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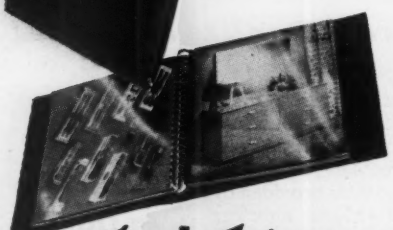

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[*continued*]

PRESIDENT AND HIS CHURCH

ver, Colo., where President Eisenhower attends services during summer vacations:

"President Eisenhower has never made any attempt to make a show of his church attendance here in Denver. We never announce his presence in the congregation. One day as we shook hands after the service, I said: 'I hope you understand why I don't announce your presence here.' Then I went on to explain that it was obvious to me that he was there to worship the Lord, not to get publicity. He told me: 'That's the way I want it.'

"I would like to point out that Mr. Eisenhower came to our church before he was elected President. When he was baptized and joined Dr. Elson's church in Washington, he stated that though he had always had faith in the Lord, his Army career had never given him a chance to nail that faith down—that in joining the Presbyterian Church he was doing just that.

"Our church is not a large church. If President Eisenhower wanted to make a public show of his churchgoing, he would certainly pick one of the bigger and more important churches in the city of Denver. There are, in fact, several larger Presbyterian churches that he could go to just as easily and conveniently."

Also on March 29, a number of Republican Congressmen released statements to the press in Washington, D.C. Among them was a statement from Senator Joseph R. McCarthy, of Wisconsin, who has been one of President Eisenhower's severest critics:

"President Eisenhower and I happen to differ profoundly on some political issues. While these differences have quite properly propelled us into political conflict, there remains an area of common ground—of very sacred common ground—on which, when it is assaulted, the President has my unqualified support.

"Yesterday Senator Neely of West Virginia launched a frontal attack on that ground, which I had thought, until then, was sacred to *all* Americans. He publicly and viciously denounced the President on account of the way he worships God. Modern political history, to my knowledge, does not contain a more flagrant violation of the canons of decency and of those moral principles that established America as first the cradle and now the world champion of personal and religious freedom.

"If there is one proposition that binds Americans together, it is that a man's way of answering to his God is his own business. That a man may worship God when and where and how and if he chooses is a precious and inalienable right. And it implies an absolute duty on the part of the others to respect that right.

"I had thought the day had passed when a public servant could be held politically accountable for worshiping God as his conscience directs.

"I think the man who has thrust religion into politics owes an apology to the President and to the American people."

On March 30, the first day that the U. S. Senate was in session after Senator Neely's speech in Cleveland, Senator William F. Knowland (Rep.), of California, said in the Senate:

"The most shocking personal attack on the President during my 10 years in the Senate was the speech of the junior Senator from West Virginia, Mr. Neely, before the CIO, in which he reflected upon Dwight Eisenhower's personal sincerity and religious belief. I believe that all people of faith, Catholic, Protestant and Jewish, will resent this uncalled-for attack.

"It is my hope that the members across the aisle who operate on a high level will publicly repudiate such statements. I believe that they must regret such statements as much as we do on this side of the aisle. Certainly, the overwhelming majority of Americans, regardless of party affiliation, will resent such personal abuse of our Chief Executive.

"The New Deal-ADA [Americans for Democratic Action] wing of the Democratic Party has certainly shown its bankrupt state by such carping criticism."

After Senator Knowland spoke in the Senate, Senator Edward Martin (Rep.), of Pennsylvania, issued a statement calling upon Senator Neely "to make a public apology to the President and to all God-fearing Americans." As the week drew to a close, Senator Neely told reporters:

"I did not criticize the President's religion or the fact he went to church, but I did deplore the fact that every time he went to church we had a half-page picture in the Monday papers.

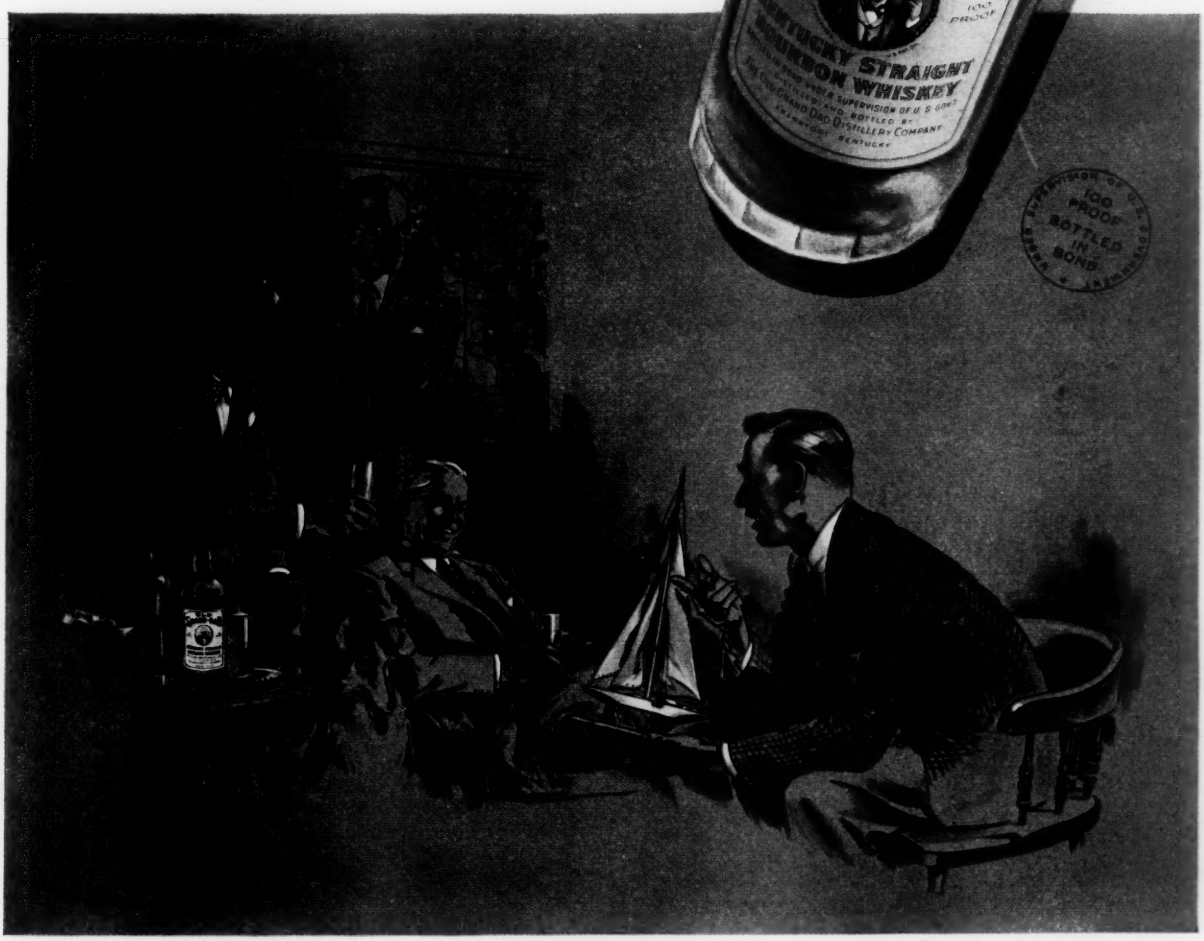
"There is just as much chance of my apologizing as there is of the world coming to an end today—in fact, a little less chance.

"When all the Eisenhower coattail riders have got done blowing off, I am going to answer them comprehensively. They will have some new targets to shoot at after I get through."

It is the essence of hospitality
to let your guests see
what you are serving.
You need never hesitate when it is

Old Grand-Dad

"HEAD OF THE BOURBON FAMILY"



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WHEN RUSSIA WANTED 6 BILLIONS—

And Some Americans Suggested Even More

Stalin asked U. S. for a 6-billion-dollar loan in 1945, but U. S. Treasury officials wanted to lend him 10 billion.

Russia offered to pay 2¼ per cent interest. These U. S. officials suggested 2 per cent.

This strange story is revealed in the recently published Yalta papers.

One of the officials behind this generous offer to the Soviets was Harry Dexter White. He was later named by the FBI as a suspected member of a Soviet spy ring.

The loan never went through. But some officials now are asking:

Why was it proposed?

Out of the Yalta papers, now published, comes this hitherto untold story in all of its official details:

Ten years ago, U. S. Treasury officials tried to lend the Soviet Union more money than Marshal Joseph Stalin had asked for, and at a lower interest rate than the Soviets had offered to pay.

What the Soviets had asked was a loan of 6 billion dollars from the U. S. They wanted to borrow this money for 30 years at an interest rate of 2¼ per cent. The loan, for postwar reconstruction, was to be on top of 11 billion in wartime Lend-Lease aid already given.

Henry Morgenthau, Jr., Secretary of the U. S. Treasury, on advice of Harry Dexter White, an Assistant Secretary, wanted to raise the loan to 10 billion dollars—4 billion more than the Russians had asked. He proposed that the rate of interest be only 2 per cent, and the term for repayment 35 years instead of 30 years.

In the end, the Soviet Union did not get any of these billions. Like the Morgenthau plan for pauperizing Germany—in which Mr. White also had a hand—the loan idea never was carried out.

Harry Dexter White, a few months later, in November, 1945, was named by the Federal Bureau of Investigation as a suspected member of a Soviet spy ring. He also figured prominently in the transfer to the Russians of plates for printing German occupation currency—a venture that Senators found had cost American taxpayers around 255 million dollars. Mr. White died in 1948, shortly after denying before a congressional committee that he was a Communist.

The record of this whole episode in American history, brought to light for the first time in the Yalta papers, is one of interest and importance.

Sharp clash of views. You find in the newly published records the differing attitudes of U. S. officials toward the Soviet Union. You discover that some officials trusted Russia, sympathized with her problems, were anxious to help her. You see how, in others, suspicions grew, fearful appraisals were made of the future.

The U. S. Treasury Department is shown as favoring big aid to Russia. Told that the country's war damage was estimated at 16 billions, Treasury officials wanted the U. S. to underwrite the Soviets' rebuilding. You discover that these officials had a vastly exaggerated idea of Russian resources, of the Soviets' ability to pay back what they might borrow. Questions are suggested as to the motives of some of those officials.

It was in January, 1945, just a month before the Yalta Conference, that the question of a loan came into serious consideration. W. Averell Harriman, U. S. Ambassador to Moscow, met on January 3 with Soviet Foreign Minister Vyacheslav M. Molotov to discuss terms.

In a confidential report to Secretary of State Edward R. Stettinius, Jr., Mr. Harriman said Molotov told him:

"Having in mind the repeated statements of American public figures concerning the desirability of receiving extensive large Soviet orders for the postwar and transition period, the Soviet Government considers it possible to place orders on the basis of long term credits to the amount of six billion dollars.

"Such orders would be for manufactured goods (oil pipes, rails, railroad cars, locomotives and other products)

—Wide World

HARRY DEXTER WHITE
His advice started it all

[continued]

RUSSIA WANTED 6 BILLIONS—

—Harris & Ewing

HENRY MORGENTHAU, JR.
. . . favored a big loan

and industrial equipment. The credit would also cover orders for locomotives, railroad cars, rails and trucks and industrial equipment placed under Lend Lease but not delivered to the Soviet Union before the end of the war.

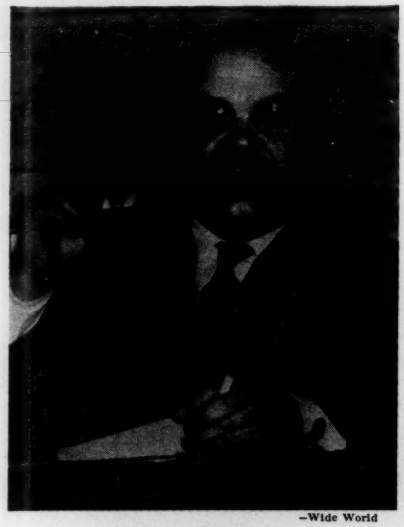
"The credits should run for 30 years, amortization to begin on the last day of the 9th year and to end on the last day of the 30th year. Amortization should take place in the following annual payments reckoned from end of 9th year: First 4 years 2½% of principal; second 4 years 3½%; third 4 years 4½%; fourth 4 years 5½%; last 6 years 6%. . . . Annual interest to be fixed at 2¼%."

Mr. Harriman's advice. Mr. Harriman, an investment banker, regarded this Russian proposal as "unreasonable" —even though Mr. Morgenthau later suggested even more generous terms. Mr. Harriman outlined his views in a letter to Secretary Stettinius on January 6, in which he said:

"One. I feel we should entirely disregard the unconventional character of the document and the unreasonableness of its terms and chalk it up to ignorance of normal business procedures and the strange ideas of the Russians on how to get the best trade. From our experience it has become increasingly my impression that Mikoyan [Anastas I. Mikoyan, Soviet Commissar for Foreign Trade] has not divorced himself from his Armenian background. He starts negotiations on the basis of 'twice as much for half the price' and then gives in bit by bit expecting in the process to wear us out.

"Two. Molotov made it very plain that the Soviet Government placed high importance on a large postwar credit as a basis for the development of 'Soviet-American relations.' From his statement I sensed an implication that the development of our friendly relations would depend upon a generous credit.

"It is of course my very strong and earnest opinion that the question of the credit should be tied into our overall diplomatic relations with the Soviet Union and at the appropriate time the Russians should be given to understand that our willingness to cooperate wholeheartedly with them in their vast reconstruction problems will depend upon their behavior in international matters. I feel, too, that the eventual Lend-Lease settlement should also be borne in mind in this connection . . . "



—Wide World

V.M. MOLOTOV
. . . asked for 6 billions

Mr. Morgenthau's proposal. Then, on January 10, Mr. Morgenthau came up with his plan—an even bigger, more generous loan to Russia. In a memorandum to President Roosevelt, Mr. Morgenthau outlined his proposal this way:

"I suggest consideration be given to a financial arrangement with the U. S. S. R. to provide her with $10 billion credits for the purchase of reconstruction goods in the U. S., with provision for repayment to us chiefly in strategic raw materials in short supply in the U. S.

"1. The interest rate could be 2%, amortized over a period of 35 years.

"2. The Russians have more than adequate means to assure full repayment. There are three principal sources from which she can obtain the necessary amount of dollars.

"(a) Selling to us strategic raw materials which are in short supply in the U. S. because of our depleted natural resources.

"(b) Russia will be able to develop substantial dollar assets from tourist trade, exports of non-strategic items to the U. S., and from a favorable balance of trade with the rest of the world.

"(c) Russia has a stock of gold estimated at $2 billion now and is reported to be able to produce from $150 to $250 million per year. These gold resources can be used to pay her obligations to the United States to the extent that her other dollar sources are not adequate.

"3. An important feature of this proposal is that we will be conserving our depleted natural resources by drawing on Russia's huge reserves for current needs of industrial raw materials in short supply here. We would be able to obtain a provision in the financial agreement whereby we could call upon Russia for whatever raw materials we need without giving a commitment on our part to buy."

Some officials, looking back on this proposal, are wondering what might have happened if the U. S. had relied upon Russia for its strategic raw materials after World War II, as the Morgenthau-White plan contemplated. Under such an arrangement, it is suggested, the Kremlin could have crippled the American defense system at any time simply by cutting off the supplies on

—Harris & Ewing

W. AVERELL HARRIMAN
. . . thought the idea "unreasonable"

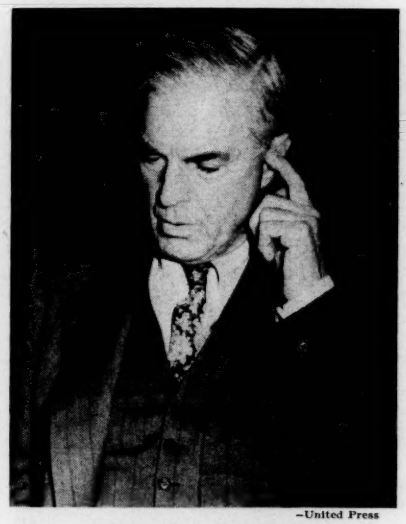
which this country would have come to depend.

An 11th billion considered. The 10-billion-dollar loan, it soon developed, was not all that Treasury officials wanted to give to Russia. Mr. Morgenthau suggested that the U. S. should give the Soviets an additional 1 billion dollars in credit, with no interest charges at all. This proposal was made in a talk in Secretary of State Stettinius's office on January 17.

With Mr. Morgenthau on this occasion was his assistant, Mr. White.

William L. Clayton, then Assistant Secretary of State, tells about the Morgenthau-White proposals in a memorandum marked "Top Secret," now disclosed in the Yalta papers.

"Mr. Morgenthau," Mr. Clayton related, "referred to the long delay which had taken place in connection with the negotiations for a 3(c) supplementary



—United Press

WILLIAM L. CLAYTON
. . . raised some questions

agreement to the Master Lend-Lease Agreement by which it was proposed to make available at this time to the Soviet Union certain industrial plants which have a wartime and peacetime use.

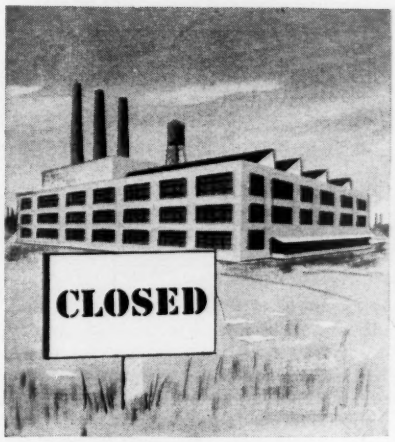
"He stated that he felt it was too bad more than nine months had passed since negotiations were started and still no agreement had been reached.

"He attributed this to the fact that we had endeavored to bargain and bicker with the Soviet negotiators instead of making a clear-cut, very favorable proposal which would be considered by the Soviet Government as a concrete gesture of our good will.

"He added that he did not agree with Ambassador Harriman's suggestions in

(Continued on page 58)

OPERATING CASH can make



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[*continued*]

RUSSIA WANTED 6 BILLIONS—

his telegram No. 61 of January 6, 1945, which recommended that we remain firm in the stand that we have already taken in regard to the 3(c) negotiations and indicate to the Soviet Government that this continues to be the most favorable offer we could make.

"Instead of this course of action, Mr. Morgenthau stated that Treasury experts have been giving consideration to this entire question and have come to the conclusion that we should make new proposals for the 3(c) agreement which would offer to the Soviet Union the same amount of goods on approximately the same terms except that we should charge them no interest on the credit extended . . ."

Mr. Morgenthau's billion-dollar idea, like his 10-billion-dollar one, ran into strong opposition. Criticism of his proposals came from Dean Acheson and Joseph C. Grew, both of the State Department, and from Leo T. Crowley, Administrator of the Foreign Economic Administration, as well as from Ambassador Harriman and Secretary Clayton.

Of the billion-dollars-without-interest plan, Mr. Acheson is quoted as commenting "that we could not offer such long-term credits at a lower rate of interest than that at which the United States Government itself had to pay in order to borrow the money."

Opposing the 10-billion-dollar loan, Mr. Clayton suggested:

"From a tactical point of view, it would seem harmful for us to offer such a large credit at this time and thus lose what appears to be the only concrete bargaining lever for use in connection with the many other political and economic problems which will arise between our two countries.

"The Soviet Government itself has only proposed a credit of six billion dollars, and there is some question as to their ability to pay interest and amortization charges on a ten billion dollar loan as well as finance future trade after the initial purchases are made.

"Moreover, there is also some question as to the amount of surplus strategic materials which the Soviet Union will have available for sale abroad, and whether they would be willing to bind themselves categorically to furnish these strategic materials over a long period.

All plans dropped. Result was no loan to Russia. It wasn't even proposed at Yalta, as far as the records show.

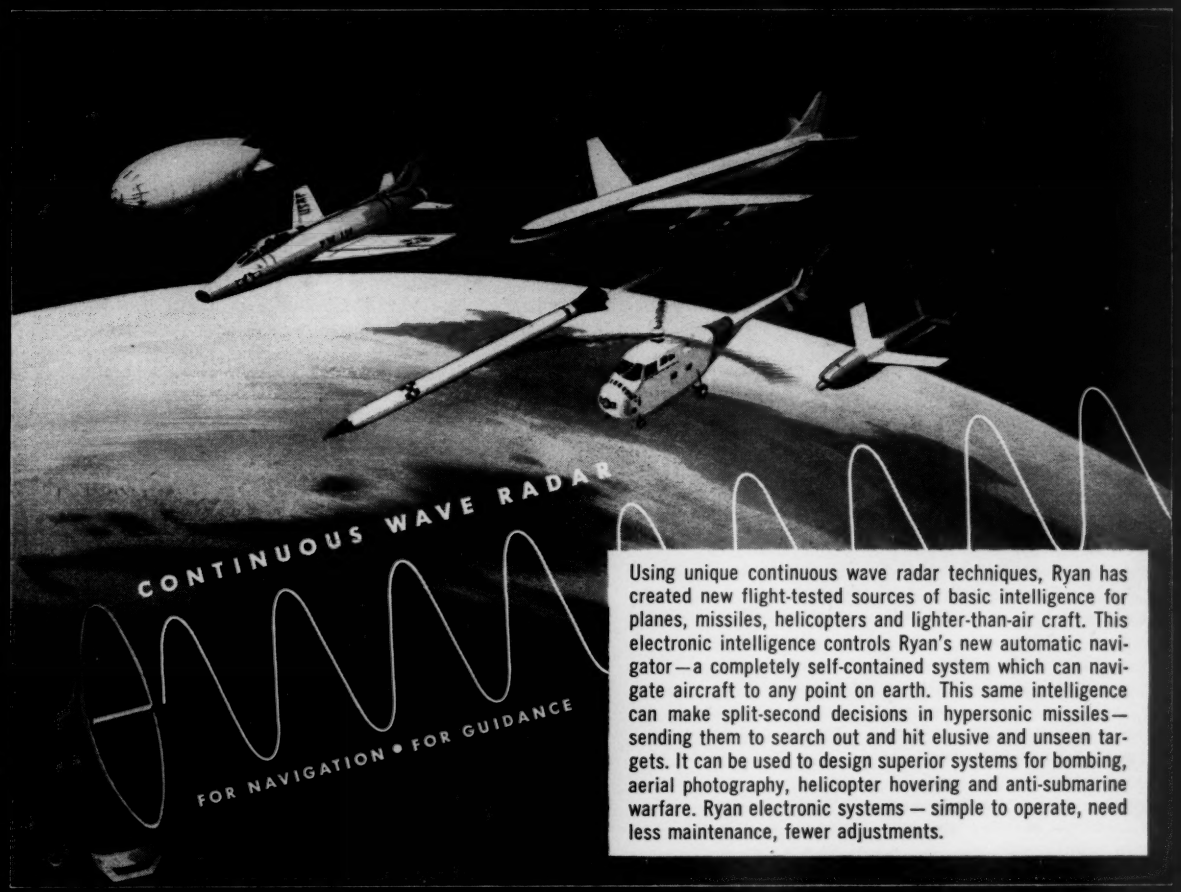
Experiences with Russia's Lend-Lease debt indicate what might have happened if such a loan had been granted. The U. S. provided the Soviet Union with a total of 11 billion dollars in wartime aid under the Lend-Lease agreement. The U. S. asked only 800 million dollars in repayment. Russia, after years of haggling, raised its counteroffer to only 300 million. The dispute continues—and, so far, none of this 11 billion has been repaid.

This is the record that causes many people today to wonder: Why were some American officials so anxious, 10 years ago, to lend the Soviets more money than they asked?

—Harris & Ewing

THE U. S. TREASURY DEPARTMENT
. . . where the loan idea started—and stopped

Ryan Electronics "Guides" U.S. Airpower



Using unique continuous wave radar techniques, Ryan has created new flight-tested sources of basic intelligence for planes, missiles, helicopters and lighter-than-air craft. This electronic intelligence controls Ryan's new automatic navigator—a completely self-contained system which can navigate aircraft to any point on earth. This same intelligence can make split-second decisions in hypersonic missiles—sending them to search out and hit elusive and unseen targets. It can be used to design superior systems for bombing, aerial photography, helicopter hovering and anti-submarine warfare. Ryan electronic systems — simple to operate, need less maintenance, fewer adjustments.

Another Example of How

RYAN BUILDS BETTER

Recognized as a leader in electronics, Ryan has the skilled personnel and experience to meet the most complex navigation and guidance requirements. Beginning with the miniaturized radar equipment for the first air-to-air missile —the Ryan Firebird of 1946—Ryan has consistently solved the "can't be done" problems.

Ryan is also pioneering in the development and manufacture of power plant equipment and airframes, including afterburners and other components for jet engines, complete rocket motors for missiles, and vehicles of advanced aerodynamic design. Among the achievements resulting from this engineering effort are Ryan's new jet-powered VTO aircraft, now building, and the Firebee drone missile. Because Ryan blankets all three elements of flight research and development—power plants, aircraft and electronics—it is uniquely equipped to solve the toughest problems of modern flight.

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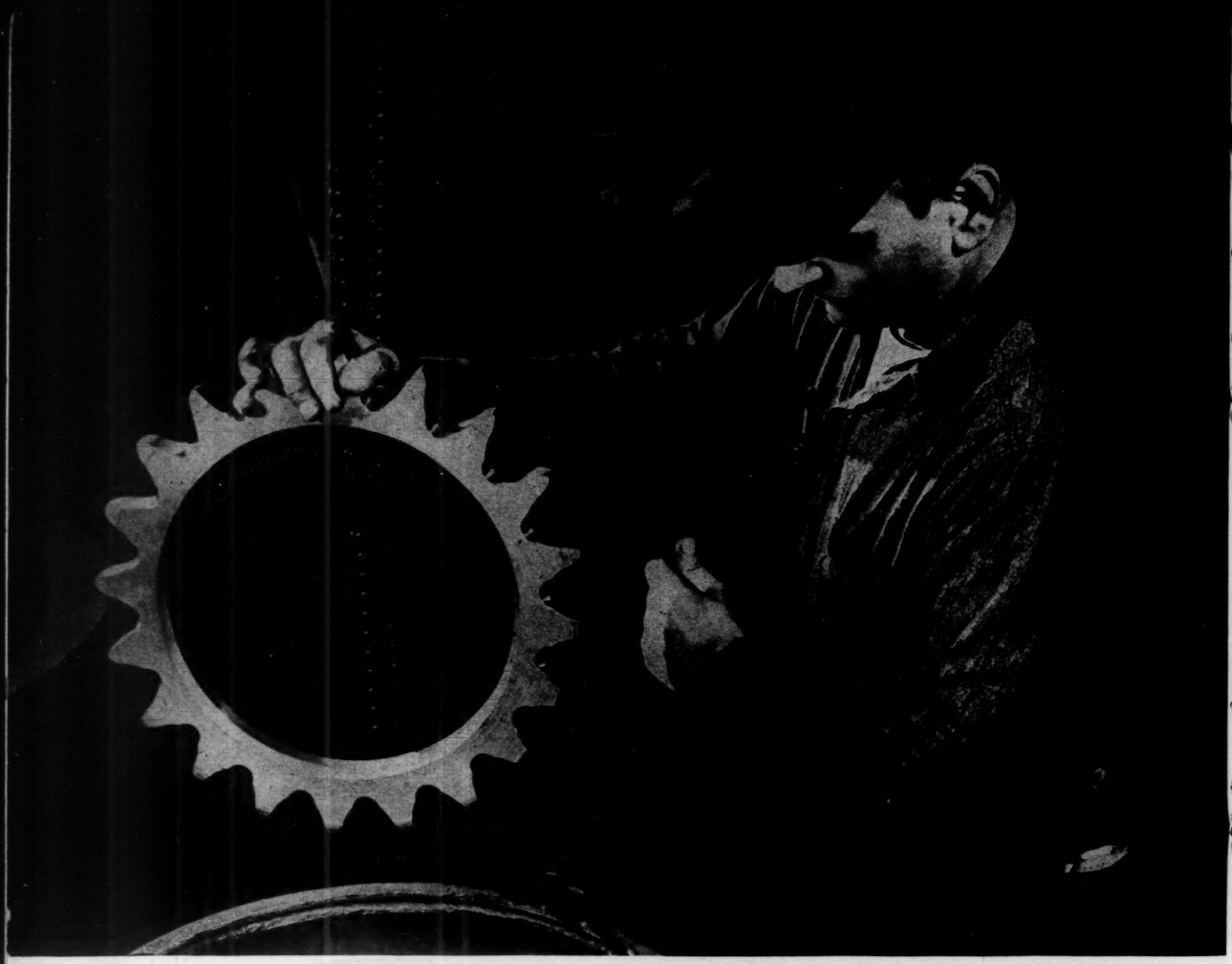

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Mention "ammonia" and most people will think of smelling salts. The farmer may think of fertilizer. Others may think of refrigeration or explosives. But to men who work with steel, ammonia means the way of putting an unbelievably tough hide on finished steel parts.

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While nitriding requires from 30 to 120 hours and may increase the cost of the steel parts many times, the investment pays off in greatly increased life and far better performance of such products as engine cylinder barrels, boring bars, shafts, gears and couplings.

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The finished machine parts to be hardened are placed in a vessel sealed against access of air, which is then filled with ammonia gas. At a temperature of about 1000° F. the ammonia breaks down into nitrogen and hydrogen. The nitrogen reacts directly with the iron and other metallic elements present, forming complex nitrides which are absorbed in the surface of the steel.

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>> This is why Communists are flexing their muscles in Berlin, threatening blockade: Soviet Russia has just lost a major battle. West Germany, the prize Moscow wants most of all in Europe, has become a full partner of the West.

Ratification of Paris pacts is virtually complete. This puts West Germany formally, legally on the U.S. side. Moscow tried hard, but couldn't stop it.

>> Now, Moscow finds itself confronted by this sort of situation:

France is allied with West Germany. This is something new under the sun.

The Ruhr is at the service of the Allies, rather than of Moscow.

New German Army will line up with the West to defend Europe.

Independent West Germany, vigorous and sovereign, will be the magnet for East Germans dreaming of a unified Germany, restless under Communist rule.

As the realists in the Kremlin must know, the balance of power in Europe has now shifted to the West, at the expense of Soviet Russia.

Germany, in ruins 10 years ago, is back in business as a world power.

>> In Bonn, change from an occupied area to a sovereign nation means this:

Ambassadors will replace Allied High Commissioners. Diplomatic relations with Moscow and its satellites probably will be established, too.

Occupation troops become military partners, staying as invited guests.

U.S. troops are to stay on indefinitely, as long as needed.

Allied veto over German lawmaking is to end. Allies, however, retain say in how Germany is to be unified, and in how West Germany is to be defended.

>> There are these other consequences for West Germany:

Censorship by Allies over mail, phones is ending. Civil aviation is freed. West Germans can get back into this business. Industrial research is coming out from under Allied wraps. Production ceilings are a thing of the past for makers of ball bearings, ships, synthetic oil and rubber, most chemicals. Arms industry can start up again--but not to produce nuclear weapons or long-range bombers.

Allied commandeering of West German land and houses is at an end, too.

Cartels, broken up by Allies, will probably revive, but under restriction.

U.S. business, operating under U.S.-German trade pact, isn't affected by West Germany's new status. Nor are U.S. civilians in West Germany.

In short: Sovereignty opens a new era for West Germany--and for Europe.

>> London is getting set for a slam-bang political campaign.

Churchill's retirement, long expected, will pave the way.

Anthony Eden, as Prime Minister and top Conservative, will then decide

(over)

whether a spring or an autumn election will serve his party best.

Eden's problem is this: Britain's economic outlook is less rosy than it was. It could be politically dangerous for Eden to postpone the election too long. Then, there's the British budget, due April 19. Voter reaction to that will be important. Most of all, there's the Labor Party split. Will it last?

Timing of the election depends on answers to questions like these.

>> It's agreed in London that Aneurin Bevan, the Laborite rebel, has won the latest round in his fight with Clement Attlee, Labor Party leader.

Attlee, after exiling Bevan from the party, is in the process of welcoming him back. Attlee decided, on second thought, that Bevan has so many followers he can't be exiled safely. Labor, facing an election, will need Bevan.

As London has it figured out: Bevan expects Labor to lose the election, to force Attlee out as leader, to install Bevan in his place. Only certainty, in all this in-fighting, is the Labor Party split. Eden can count on it.

>> All the talk about Big Four talks boils down to this:

A four-phase plan for Big Four conferences is finally in the works.

First phase calls for stage-setting, preparatory work, by British, French, U.S. diplomats. This is going on now. London is taking the lead in it.

Second phase is meeting of Big Three foreign ministers to decide when to invite Russia into Big Four conference and what to negotiate about.

Third phase is the Big Four meeting of foreign ministers.

Fourth phase is what Churchill calls a meeting "at the summit," at which the head men do the talking, as they did at Yalta, Teheran, Potsdam.

"Summit" meeting may never come off. A Big Four conference, though, is a fairly safe bet, at the foreign-minister level, some time this year. Public demand for some such meeting is too strong for U.S., Britain or France to ignore.

>> Americans in Saigon, where a private army has been shooting up the palace of Premier Diem, will tell you that, ever since the Indo-China truce, South Vietnam has fluctuated between chaos and near-anarchy.

Premier Diem, it's true, is supported by the U.S. But the people who used to run Vietnam--the French, and the private armies of religious sects--are not yet won over. When not fighting among themselves, they go after Diem.

Paris officially supports Diem. Many Frenchmen in Vietnam seem interested in forcing him out. They'll take their chances with chaos, or the Communists.

Current flare-up arises from Diem's order cutting off the subsidies private armies used to get. He is trying to force them into line that way.

U.S., backing Diem, is gambling that this policy will work. If it does, hopes of U.S. for South Vietnam will revive. Hopes are not high right now.

>> To understand what's going on in Argentina, where President Peron is in a fight with the Roman Catholic Church.....Peron's fear is that some leaders of the Church are out to set up an opposition political party. What's more, he fears they may succeed. Opposition is something Peron refuses to permit.

Peron's way, in this situation, is to jam through laws the Church opposes, "purge" a Catholic university, hamstring religious instruction in schools, order the official press to conduct a propaganda war.

Question is how far Peron will go. Argentina is 80 per cent Catholic.

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A BIG 4 CONFERENCE: WHAT IKE AND CHURCHILL SAY

Churchill: "It Might Be Helpful"

President Eisenhower and Britain's Prime Minister Sir Winston Churchill do not agree at all on the best way to deal with Russia.

Sir Winston wants to go ahead with a meeting of the Big Four leaders "at the summit." Ike doesn't see it that way. He says such a meeting needs spadework.

This difference began with the following statement by Sir Winston in the House of Commons on March 29:

W. N. Warbey [Labor] asked the Prime Minister whether, in view of the recent official statements of President Eisenhower and the French Prime Minister [Edgar Faure], he [Sir Winston] will now make fresh proposals for a four-power conference, including a suggested date for its convening.

The Prime Minister: Things certainly seem to have taken a friendly turn lately. I have never departed in any way from my view that a top-level meeting without agenda might be a hopeful manner of approaching the solution to these world problems.

It might be helpful to have the wish and the will expressed from the summit and the agreements of heads of governments recorded in broad and simple terms if any can be reached. These can then be studied and implemented on the official level.

This procedure, like all others, may fail to reach an agreement. But there might be a better chance of success if the initiative came from the summit. So far, however, the heads of governments have not agreed to this method. Meanwhile, as my Right Honorable friend the Foreign Secretary [Sir Anthony Eden] said in the House yesterday, nothing is excluded from our minds in the way of machinery to bring about the results we all require.

In view of the recent statements by President Eisenhower, by the French Prime Minister and by Marshal Bulganin [Soviet Premier], we must not lose patience or courage. It is the duty of Her Majesty's Government to maintain the closest contact with their allies upon this dominating question.

Mr. Warbey: Does the reply of the Prime Minister indicate that he still intends to push ahead with the idea of a meeting at the top level? Can he say whether he hopes to achieve one in time to be able to participate in it himself?

The Prime Minister: The future is veiled in obscurity, and I should not like to plunge too deeply into it this afternoon.

Ike: "Danger in Such a Meeting"

On the following day, March 30, the President, at his White House press conference, revealed his opposition to Sir Winston's idea. His remarks on the Big Four meeting, authorized for direct quotation, follow:

Raymond P. Brandt (St. Louis *Post-Dispatch*): Mr. President, Secretary Dulles has said that it will take months to prepare for a Big Four conference. We have had the conditions laid down for the Russians coming in. Could you tell us some of the subjects that could be discussed at a Big Four conference?

The President: Well, Mr. Brandt, it is not an easy question, because there are so many different kinds of meetings that have been proposed by different people.

One proposal, coming from a very eminent source, has been that we merely meet without an agenda, and we have a broad talk.

Well, now, there are many dangers in such a meeting because it could be considered, let us say, social.

If it is a social sort of get-together, and trying to be friendly, there are many people in the world that are interpreting actions as well as words, and they are interpreting them in terms of what has happened to them and what does this meeting mean to them? That is one kind of a meeting that you have to watch.

Moreover, if you have a meeting, certain questions would almost have to be examined—for example, let us say, the unification of Germany or some question affecting Germany.

The wheels are now moving to make Germany, West Germany, a completely independent country. How could you talk about Germany unless Germany is present? But if you ask Germany, where do you stop?

There are all sorts of things to be decided in these preparations before you can just meet and have something that is promising for the peace of the world. And I would certainly hesitate to be a party to a meeting where people would have a right, merely because you mean—to expect more than you really believe you can deliver.

Now, I reiterate, the United States Government is ready to do anything. We will meet on any basis as long as we are not, in so doing, creating an impression we think is damaging.

Mr. Brandt: Isn't it true, sir, that the lower-level conference would work out an agenda?

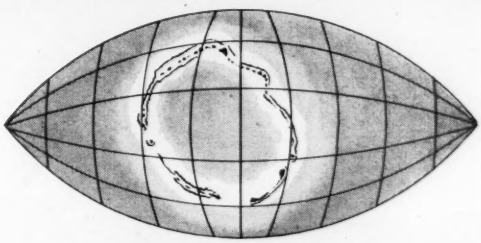
The President: Well, I don't know whether they would even have to work out an entire agenda, Mr. Brandt.

I quoted to you the other day the example in the Rose Palace in Paris in 1952 when, after meeting for three months to decide upon an agenda for another meeting, they abandoned it, they abandoned the effort. They could not do it. But they would have to make a sufficient preparation for this thing so we could try to determine at least that we could have some confidence of what we are getting into. It is a very serious question.

State Department: Prepare First

On March 31, the State Department warned against the dangers of dealing with the Russians. A letter to Senator Hubert H. Humphrey (Dem.), of Minnesota, concluded with the following:

Another factor which influenced the timing of the publication [of the Yalta documents] was that it was certain that German and French ratifications of the Paris Accords would lead to more intensive consideration of another conference with the Russians. It was obvious that the full story of Yalta illuminates graphically the dangers, as well as the possible values, of such talks; the need of adequate prior preparations and the importance of a clear definition of principles which will not be sacrificed to secure agreement.



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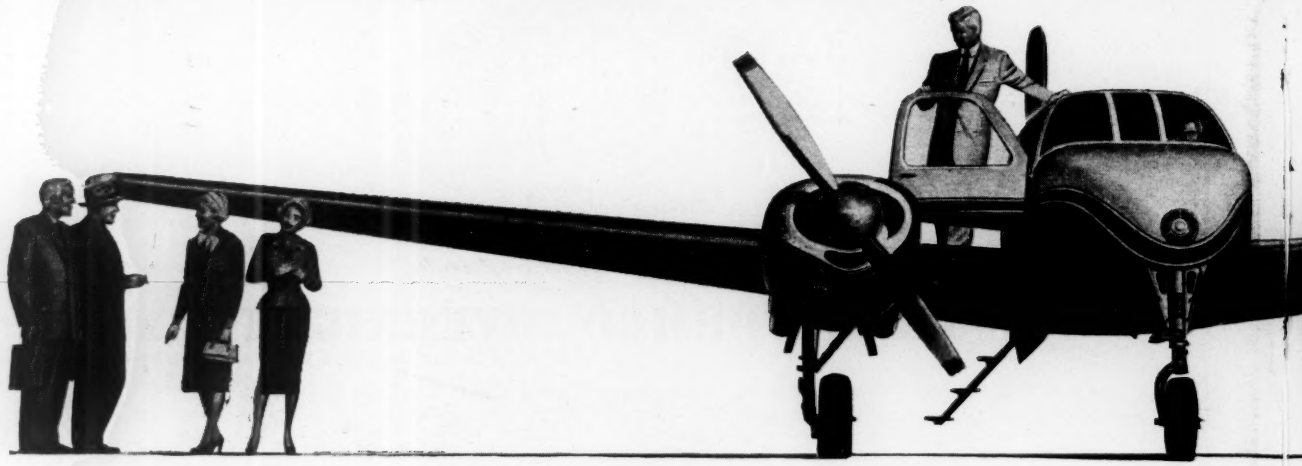

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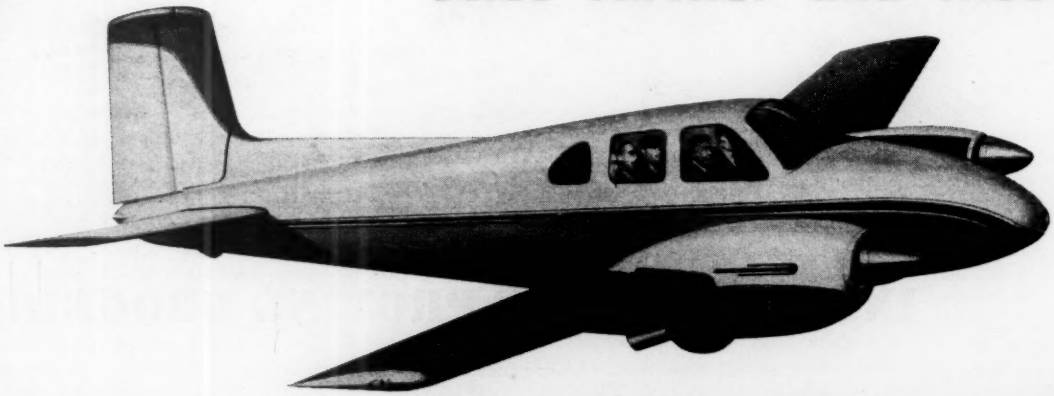

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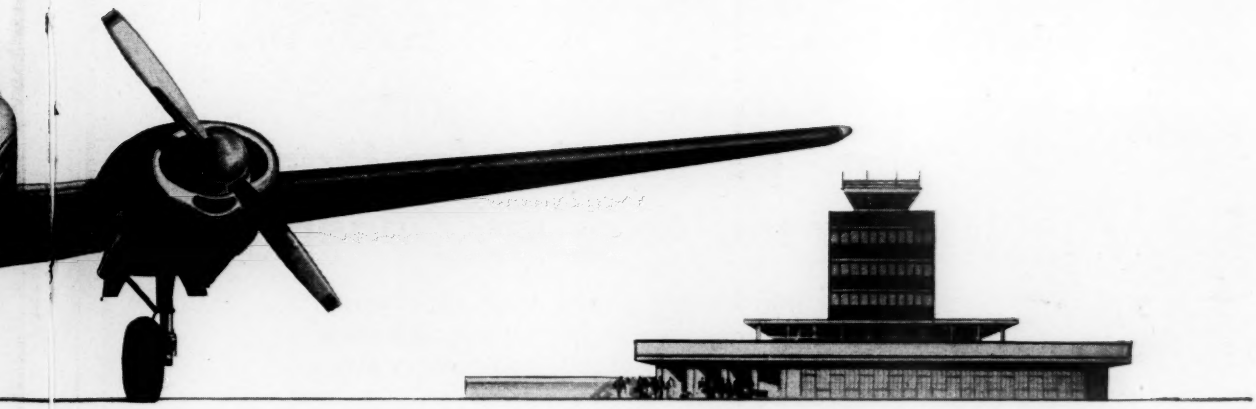

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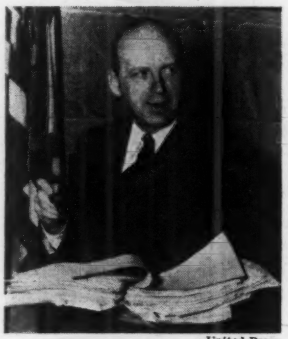
THE MAN ..Herbert Brownell, Jr. **THE NEWS** ...His Practice Grows



—United Press

"Hot" Issues—They're Marked For the Attorney General

Mr. Brownell gets the tough, controversial chores and the criticism that goes with them. This is the story of the troubles of the President's legal and political adviser.

ATTORNEY GENERAL Herbert Brownell, Jr., is turning out to be a main target of attacks on the Eisenhower Administration. More critical sharpshooting is aimed at Mr. Brownell, perhaps, than at any other Government official.

The Attorney General is assailed for his handling of the campaign against Communists and security risks, by those who want more vigor and those who think that his methods should be more carefully considered. He is attacked for overenforcement, and also for underenforcement, of the antitrust laws; for his attitudes on wire tapping and on a variety of questions.

Political adviser. In addition, some critics assert that Mr. Brownell has managed to mix politics too freely with his departmental duties. Officially, he is Mr. Eisenhower's chief legal adviser. Unofficially, he also is a principal adviser of the President on political matters. This factor the Democrats keep in mind at all times.

Thus, Democrats and New Dealers still resent his offering the Harry Dexter White case as proof that the Truman Administration was soft on Communism. Southern Democrats are disgruntled, too, at a Government brief filed with the Supreme Court upholding desegregation in the schools.

Within Mr. Brownell's own party, also, there are difficulties. More "conservative" Republicans are not disposed to forget that it was Brownell strategy that deprived the late Senator Robert A. Taft of the 1952 presidential nomination. And some dislike the fact that Mr. Brownell is a "Dewey man," brought into national politics by Thomas E. Dewey, twice the Republican presidential nominee and former Governor of New York.

In many ways, Mr. Brownell is a man in the middle.

Presidential buffer. The Attorney General takes all this with a cheerful calm. He is 51 years old, some years younger than most of his Cabinet colleagues. He is slight of build, unfailingly pleasant and courteous, and not a man to be ruffled easily. He speaks quietly and has a lawyer's way of lining up his points in logical sequence.

Justice Department officials say Mr. Brownell has delegated his authority in a way that makes it easy for them to know what he wants done. Nevertheless, he works a long, hard day himself, and makes an average of four out-of-town speeches a month. He tires somewhat easily but, avoiding Washington's social pitfalls, snaps back quickly with a night's or a week end's rest. His principal diversion is baseball. He manages to slip away to Griffith Stadium to watch an occasional game.

—USN&WR Photo

DEPARTMENT OF JUSTICE
. . . frequent calls to the White House

Although usually identified with the tough infighting of New York politics, Mr. Brownell actually is a Nebraskan by birth, the son of a college professor. He was a Phi Beta Kappa student at the University of Nebraska and went on to Yale Law School. There he edited the *Yale Law Review* and graduated *cum laude*.

Such attainments marked him for an immediate job with a big New York law firm and this led to a highly successful law career. Mr. Brownell specialized in business law. But he also was deeply and actively interested in politics. And, in that field, he virtually grew up with Governor Dewey.

Legislative veteran. Back in 1931, Mr. Brownell ran for the State Assembly and Mr. Dewey was his campaign manager. He lost, but a year later ran again and won, served five consecutive terms and finally withdrew to give full attention to his legal practice. Mr. Dewey, however, called him back to the political wars in 1942 to manage Mr. Dewey's first successful campaign for Governor.

Thereafter, Mr. Brownell was in the thick of most New York election campaigns, went on to become chief tactician for Mr. Dewey's presidential efforts. In 1944 and 1948 he managed Mr. Dewey to the nomination. He also managed the losing election campaigns that followed, but, nevertheless, Mr. Brownell's political skill was widely acclaimed.

The dividends of this skill and knowledge went, however, to General Eisenhower. In 1952, Mr. Brownell was one of those

(Continued on page 70)

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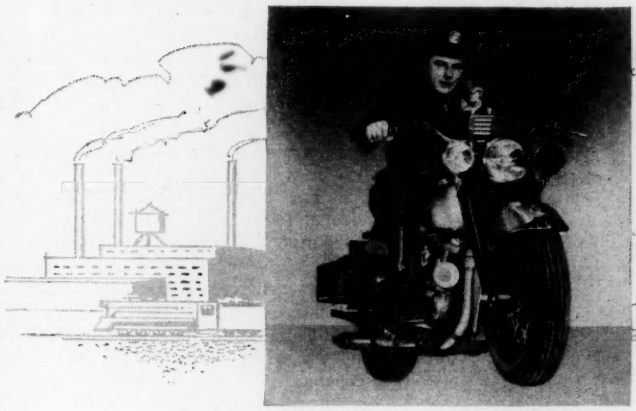

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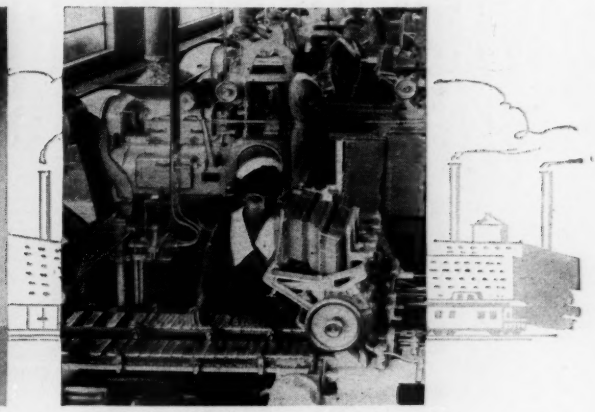

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Brownell task: weeding out and cleaning up . . .

who went to Paris to urge the General to run. He was a backstage manager at the Republican National Convention, and through the so-called "moral issue" succeeded in seating pro-Eisenhower rather than pro-Taft delegates from the South. Then Mr. Brownell became a leader of the small group that steered the politically inexperienced General to victory in the general election.

Reward, and a program. Mr. Eisenhower was impressed by Mr. Brownell's skill and loyalty, called on him for advice at every turn, especially in the appointment of Cabinet members and other high-level officials. Mr. Brownell was rewarded with the post of Attorney General.

This made him responsible for cleaning up what remained of the "mess in Washington," and, as Mr. Brownell saw it, of rehabilitating the Justice Department in the eyes of the public. After much thought and consultation, the new Attorney General laid down a year-by-year program.

The first year emphasized a general cleanup within the Department, a weeding out of those adjudged inefficient or politically unreliable. Civil Service regulations got in the way at many points, but U. S. attorneys lacking Civil Service protection were an easy target.

Of some 850 departmental lawyers, 200 were fired or shouldered out by the resignation route. Holdovers were left, nevertheless, in numerous high administrative offices. And there was no thought of interfering with J. Edgar Hoover, Director of the Federal Bureau of Investigation.

The second year, 1954, was to be a year of studied improvement in internal-security activities, aimed at destroying the Communist conspiracy "utterly." Mr. Brownell thought that, while the FBI had done excellent work in exposing Communists, there had been too little follow-up in prosecution by the legal division.

Security measures. So a new Division of Internal Security was established. New laws were sought and enacted to facilitate the work. One is aimed at surmounting the Fifth Amendment obstacle. It permits a court order exempting a witness from prosecution and providing that he then may be required to testify. This law now is being tested in the courts.

During the year, 20 leading Communists were convicted and 29 indicted under the Smith Act, which makes the Communist Party a criminal conspiracy.

Mr. Brownell also is closely consulted

. . . New judges cleared by the Attorney General

on the operation of the Government-employe security program. President Eisenhower is said to talk this situation over with him at frequent intervals. The Attorney General is much criticized for his insistence that an accused employe has no guaranteed right to confront and interrogate his accuser, a question involved in a highly important case now before the Supreme Court.

This year, 1955, was set aside for re-examining and refurbishing the anti-trust laws. A committee of lawyers and economists has just produced a bulky report on what should be done. Mr. Brownell does not agree with all the proposals that were made, but will accept some of them.

Meanwhile, the Department tries to co-operate with business, discuss proposed mergers in advance, work out consent decrees where possible, avoid prosecution on the ground of "bigness" alone. The Department terminated 54 cases during 1954, while 34 new actions were instituted. The Attorney General also has asked Congress to raise the penalty for violations from $5,000 to $50,000.

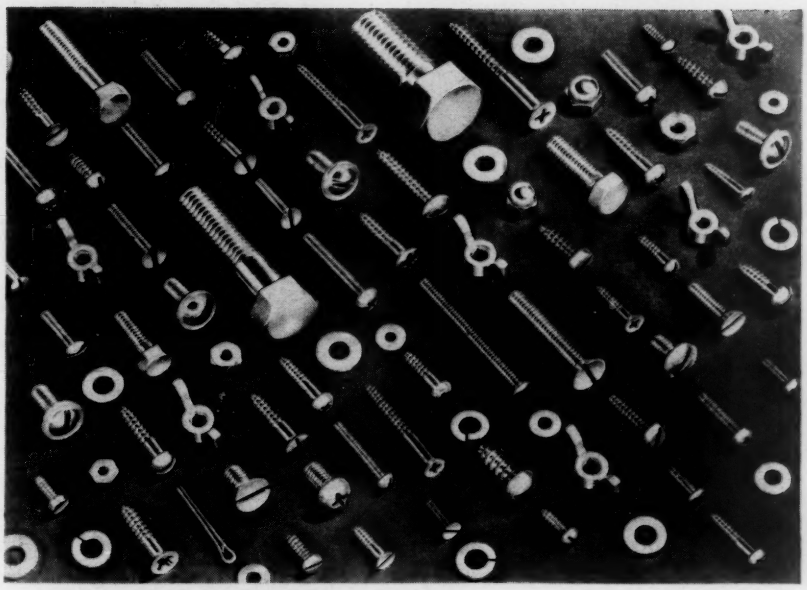
Next year is scheduled to bring major revisions of the criminal statutes.

At the White House. Between the President and the Attorney General there is an easy, relaxed relationship. White House sources say that Mr. Eisenhower regards Mr. Brownell more as a statesman than as a politician and that, consequently, Mr. Brownell can give advice that the President will accept.

Mr. Brownell sees Mr. Eisenhower less often than do some other Cabinet members, but there are frequent telephone calls. The two are in consultation on nearly all important patronage matters, and Mr. Brownell wields especial influence in the selection of federal judges.

The Eisenhower Administration has appointed a total of 73 men to the federal bench, including two to the Supreme Court, and there has been little criticism of these selections. They were made in the first instance by Mr. Brownell, after careful surveys of careers, FBI checks, and clearance of the appointees with Senators from their home States.

Mr. Brownell is convinced the President will run again and, if so, much more frequent consultations may be expected. Meanwhile, with the President stanchly behind him, the Attorney General goes on taking charge of hot issues that are sure to bring him criticism from one faction or another.



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Interview with VAL PETERSON

Administrator of Civil Defense

IF H-BOMB COMES— WHAT YOU CAN DO ABOUT IT

Billions are being spent to set up radar nets in the Far North, at sea, and in the air, to gain a few hours' warning of H-attacks.

What you can do in those hours to save your life is explained here by the top authority—Val Peterson, Civil Defense Administrator.

These new rules of survival, to be used in a mock attack on 50 U. S. cities in June, are:

• Get out of downtown areas. Evacuation is the only defense around "ground zero."

• Dig in, if outside a prime target area. Danger from "fall-out" can be cut this way.

• Get behind something, in any case. Even "light shelter" can save you from radioactivity.

Mr. Peterson, in an interview held in the conference room of *U. S. News & World Report*, gives the vital details that you and your family should know now.

Q Is there a way to defend ourselves against the atom bomb or the hydrogen bomb, Mr. Peterson? Is there anything that the average person can do?

A Oh, yes, there are many things he can do. This situation is becoming increasingly more difficult, but it is not impossible as yet. There's a possibility that man's inventive genius may permit him to make weapons that will make all types of defense impossible, but we haven't reached that point yet.

Q What about the person who's a fatalist, who says, "Well, if the bomb's going to hit, it's going to hit me. Why do anything about it?"

A That's a very shortsighted expression of opinion, it seems to me. If the Russians were to attack the 70 leading metropolitan complexes in America—Minneapolis-St. Paul being a complex—they would attack 92 cities containing 70 million Americans, but they would have attacked only 3 per cent of the real estate of the United States.

There's a whale of a lot of America outside of those cities. Granted, such an attack would bring tremendous chaos and confusion and destruction to this country, but the country would not be destroyed—it could survive in one manner or another. Obviously life would become very difficult, but, from my standpoint at least, the effort to survive and fight back would be worth while.

Q People will still be able to eat and go about their work?

A They would still eat and go about their work. If we had the ingenuity and the guts, this country and freedom would survive.

Q There would be a big building job, wouldn't there?

A A terrific rebuilding job.

Q Would it be bigger than Germany's after World War II?

A There would be no comparison between this rebuilding job and anything the world has seen before.

Q Well, basically, can the individual do anything about it?

A Yes, the individual can do many things about it. Recently we've read a great deal about "fall-out." Now, "fall-out" presents this country with tremendous problems, but probably it is not the greatest problem we face in civil defense. I say "probably" advisedly. You are all familiar with the "fall-out" problem. To me a bigger problem is to get these millions of Americans out of these areas of congestion where, if they remain, they are certain to be dead. To me that's a much bigger problem.

Q You mean getting them out of there for all time, or getting them out of there at the time of the bombing?

A Ahead of the bombing. I'm hopeful we'll shoot down a number of these planes, some of the cities will escape bombing, the enemy will miss in some instances and so the main parts of some of our cities will survive.

Q Do you anticipate a situation where there's time to tell people to get out?

A Yes.

Q Before the plane gets there?

A Yes.

Q How much time would you need to evacuate Detroit?

A I don't know about Detroit, but every experiment conducted in the United States—and we now have had several—there's been one very careful study that we made in Milwaukee, the only one of its kind that's been made—indicates that evacuation is feasible.

Q Within what length of time?

A The Milwaukee study was made for us under contract by Wilbur Smith and Associates of Connecticut, one of the better traffic-engineering firms in America, and the Northwestern University Traffic Institute. This study showed that it would take seven hours to evacuate 1,010,000 people in the Milwaukee n etropolitan area to safety. There are 650,000 people in downtown Milwaukee.

Now, seven hours is too long. We may not have seven hours. However, the study showed that under ideal conditions

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The Choice: "Dig, Die or Get Out" . . . Four to Six Hours Of Warning Time Expected . . . A Ditch May Save Your Life

in the daytime we could move 600,000 Milwaukeeans to safety in two hours. In three hours we could move 800,000 Milwaukeeans.

The concluding sentence in this study was: "Any evacuation is better than no evacuation."

The study also indicated that by widening a few bridges and roads, not necessarily main trunk lines, you could step up the evacuation process materially.

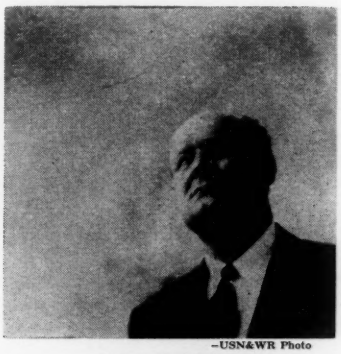
We asked them to make the study of evacuation on the basis of utilization of water, rail, motor and air. In this particular study, they did not find it was feasible to think of evacuating many people either by water or by air.

Q You could get out on Lake Michigan, couldn't you?

A Yes. But they did plan to move 70,000 people by rail. This was a careful study. So evacuation is a possibility.

There are only two tools that civil defense has that I know anything about. These are space and shelter.

Since June, 1953, following the time that I first saw Operation Ivy [H-bomb test at Eniwetok Atoll in 1952], I've been going up and down America saying the people in these congested areas have only three choices—dig, die or get out. You can get space by digging into the earth, as the Scandinavians are doing, or you can get it by moving out laterally, evacuating. With this "fall-out" problem, you have to get back into the light-shelter business. So, you have those two factors to work with.



–USN&WR Photo

VAL PETERSON

Q What do you mean by the "light-shelter business"?

A Let's say we evacuate Washington, and we get a million people outside of the area that will be totally destroyed by blast and fire—

Q How large is that area?

A That varies with the size of the bomb. I don't think anybody knows what the maximum is, because, apparently, there is no limit to the size of the bomb that can be made—at least I know of no limit. Apparently, they can be made of tremendous sizes. But let's say that you drop on Washington a bomb of 10 million tons of TNT equivalent. The radius of total destruction would be four miles.

Now, that's complete obliteration. That means you blow a hole in the earth between 175 and 200 feet deep and create a crater that's a mile or more across. These buildings are pulverized, fractionalized, thrown into the air.

Following that radius of total destruction, you have a radius of very severe damage for another four miles and a radius of moderate damage of four miles and another of light damage of four miles—windowpanes broken, chimneys askew, and so on.

So, you have a radius of 16 miles, or a diameter, of course, of double that. Now, it's just futile to talk about people remaining in these downtown target areas. It's just futile. It means death.

Q You mean in case of war. How about moving them out before war?

A Well, I'm talking about their remaining in and absorbing the bombing. It's futile to talk about absorbing the bombing.

Civil defense in this country, and all over the world, is patterned on the experience of the English in the last war and of the Germans, and I have visited both those countries and their people have visited us over here to exchange ideas. I went over to Europe in September, 1953, for two purposes: first, to see what the Scandinavians were doing by going underground—and that's a very interesting story—they lead the world in that respect; and, secondly, to talk with the Germans and the English, who know more about modern warfare—the receiving end—than anyone else in the world. I visited them to find out whether they thought civil defense was a sound concept or whether it was a boondoggle.

Q Did they think it was a sound concept?

A They said it was an absolutely sound concept, from Sir David Maxwell Fyfe [Britain's Home Secretary] on down.

Civil defense in England and in Germany and in this country, as it was recreated and stepped up in 1951, was patterned on the British experience and on blockbuster concepts.

When I came into Civil Defense, in February, '53, I found that the agency was planning in terms of an attack involving bombs of, say, 50,000 to 160,000 tons of TNT explosive equivalent—those are bombs 2½ to 8 times bigger than the bombs dropped at Nagasaki and Hiroshima.

It wasn't very long after I came in—I don't remember whether it was that March or April—I was invited to the White House one evening, with the Cabinet and Security Council and others, and saw for the first time the picture Operation Ivy, which you gentlemen may have seen. And if you haven't seen it in technicolor, you should, because you can't fully understand these nuclear explosives without seeing them in color.

But, at any rate, remember that was the explosion that took place at Eniwetok in November, '52. It blew a hole in the island 175 feet deep and created a crater a mile across and made a hole big enough for 14 Pentagon buildings. Well, it didn't take very much imagination or common sense to recognize—when we saw what happens with the explosion of one

(Continued on next page)

. . . "You're not going to save everybody in an atomic war"

of those weapons—that the duck-and-take-cover concept, the remain-where-you-are concept, keep-working, stay-at-your-lathe concept of World War II, upon which civil defense was built in this country was antiquated, was done. That's when I began toying with this idea of evacuation, which is simply the utilization of space.

Q Have you made any study of how to evacuate New York City?

A No, we have not tackled New York because New York would probably be the toughest place in the world.

Q Couldn't you simply get about 200 or 300 ships and send a lot of people out to sea?

A As a matter of fact, I know of one plan that's been drawn that indicates you could take a million people off Manhattan Island at any given time by the shipping in the harbor. So, that's right.

However, you have several other million people there. I'm not going to say that New York is impossible to evacuate. I think it can be done, at least in considerable measure, and save hundreds of thousands or maybe millions of lives.

You are not going to save everybody in an atomic or hydrogen war, but, of course, you should save as many as you can.

But the reason we didn't tackle New York first was because it seemed to me to be very sensible to go out and learn how to walk before you start to run. I don't see much sense in tackling the toughest problem in the country until you have built up a little evidence. Now we are beginning to build some. We're beginning to get some background in this field.

Atlanta was the first city in the United States to evacuate. They evacuated toward the end of the Civil War at the request of General Sherman. Some 10,000 people moved out of there. So, there's been an evacuation.

And I want to mention something else to you on this subject of evacuation. I'm not certain about the exact figures, but these are relatively correct. The Loop in Chicago is a very small area geographically. The daytime population there is somewhere in the neighborhood of 900,000 people. At night the population is about 85,000 people. Now, those people move out of there every night in an hour and a half or two hours. Granted that the transportation facilities are geared to that movement. Granted, too, though, that they must buck cross traffic, which we hope to eliminate in evacuation.

So that the fact is that every one of these cities thins out every day, including Washington, whose traffic limitations I just simply don't understand. I can't understand a town that becomes completely tied up and throws its hands in the air when it gets an inch of snow—that's beyond me because we get it by the foot out in my country.

At any rate, every one of these cities does evacuate. People do come in in a short time in the morning and they do go out in a relatively short time in the evening.

Q If you have worked it out for a city such as Milwaukee, does that mean that any city of that size also could evacuate in that same period of time? Will it vary from city to city?

A It will vary from city to city. It would vary with the topography that is involved and with the sufficiency of the streets. Every city will have to make a very careful study and work out its own detailed evacuation plan.

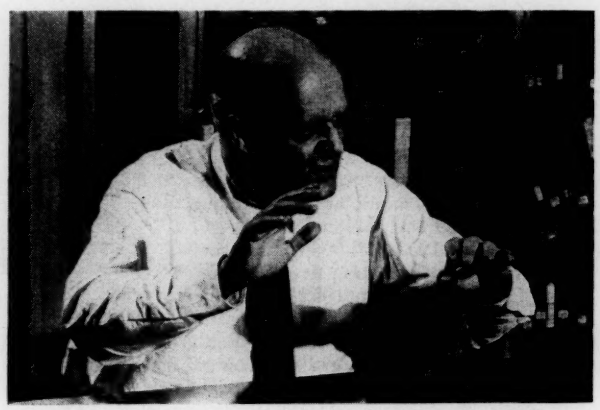
Some cities have already done that—St. Louis, for instance. Now, I might tell you in that connection a little something of these experiments that have been conducted in the United States.

The first evacuation experiment conducted was in Spokane, Wash., in the spring of '54. Spokane is a city of about 170,000 people. There they emptied the downtown commercial and industrial areas, moved the workers out of the buildings, onto the street, and on foot for a distance of some two or three blocks, to what they called "loading perimeters."

They emptied those buildings, moved those people, 16,000 of them, to the loading perimeters in 8½ minutes. That's moving pretty fast.

The next experiment was run in Mobile, Ala. They made a motion picture of it as they were carrying on the experiment. They moved all the people out of 408 blocks in the downtown area of Mobile, by automobile, to the edge of the city in 22 minutes. And they didn't scrape one fender in the process!

You read about the fact that in evacuation we'll have hopeless traffic accidents. Well, you will certainly have some—



"The American people have simply not accepted . . . the possibility of an enemy attack"

there's no argument about that. But there they didn't even scratch one fender.

In Houston, Tex., which is now a metropolitan area of a million people, they ran an experiment that I think is very meaningful. All they did was clear the automobiles from an area of 400 blocks in the very heart of the city. They just removed them from that area. They did not move them to the edge of the city. They cleared that area in six minutes.

Bremerton, Wash., has had an experiment of this nature. Erie, Pa., had one. Albany, N. Y., had one of a different nature, where they removed the people from the downtown area to their homes to see how many minutes that would take, the idea being then that they would move them from there on out. This is contrary to the way I believe this will have to be done, because that would involve cross traffic.

I believe the only way to make evacuation work is to have one-way traffic, which presupposes that every person in a given segment of the city would know that being in that segment he would go to such-and-such a point.

. . . "We would have to set up mass feeding facilities"

If a mother is at home in the northeast segment and her child is in high school over in the northwest sector, the mother would get into the car, assuming she has the family car, or ride with a neighbor, and drive directly to a place known in advance. The child would go in another direction from the school, and the father, if he's downtown in an office building or a factory, may go in still another direction.

Q How would they all get there? They wouldn't all have their own cars—

A No. There have to be car pools. These things have to be planned in advance, utilizing every automobile, truck, bus, and everything. These are all things that have to be worked out meticulously. But they have been and can be. My idea is to eliminate all cross traffic—

Q No people coming into town, all going out—

A Everybody going out and nobody coming in and all traffic controlled. Milwaukee plans all this.

Q Assuming that Milwaukee is likely to be a target and notice is given to the evacuees, where do the people go?

"It is just futile to talk about people remaining in the downtown target areas"

—USN&WR Photos

"We'll have to double up . . . we'll have to permit strangers to come into our homes"

How long do they stay? What do they do? How do they keep alive?

A We've been thinking and planning about that for a year or more. Those people would have to be moved, in my judgment, from 25 miles on out to 50. You will never make this thing work except by utilizing existing resources. Certainly we can't build duplicate cities out there. That would be fantastic. And I am always looking for the most economical, which is usually also the most efficient, way to proceed in these matters. So, we would have to go to small towns and cities outside the target areas, and we'd have to double up.

Q Wouldn't you have to allocate certain sections of the city to certain towns or areas?

A That's right. We'd have to go to schoolhouses, churches, farm homes—every dwelling and facility. We would have to set up mass feeding facilities, probably in these schoolhouses and churches. We've been training people for over a year in how to cook in empty gas and oil drums and with very rudimentary facilities. Because, after this bomb goes off, you aren't going to cook with gas or electricity. Those things will be gone—maybe gone for a long time in the United States.

You never want to underestimate the initiative of the American people if they know what they're up against. You can overestimate their ability, I know. But it's more dangerous to underestimate it.

I had a fellow come into my office about a year ago from Weld County, Colo. The big town in that county is Greeley. He said: "The farmers and their wives"—he's a farmer—"in our county have made arrangements to receive from the metropolitan Denver area 200,000 people in this one county alone, and we will feed and shelter these people up to 10 days." I said: "At whose expense?" And he said: "At our own expense—the farmers—we have the foodstuffs out here. We'd need nothing from the Government except possibly some flour, sugar, or some other kind of staple."

Now then, these people have followed that up and a few months ago they did invite several hundred people out from Denver into their county, and when these people reached the county, they were received at reception centers. Communications had been set up county-wide, and these people were registered in and sent to the places where they were to get shelter and food.

The farmers in this county feel that three counties around Denver could take the entire metropolitan population of Denver, which is approximately 600,000 people.

As I leaned back in my chair and considered that, I realized that in the Middle West, where I happen to come from, it was not unusual for farmers' wives to cook for 30, 40, 50 people during threshing time, and it would be perfectly feasible for farmsteads to receive that number of people. I am rather inclined to believe that this wouldn't be true in certain areas of the East and maybe other areas of the United States.

But we are talking about the stark survival of a nation, and we'll have to double up, whether we like it or not. We'll have to permit strangers to come into our homes. If we don't, we

(Continued on next page)

. . . "We will have to evacuate the 92 largest cities"

just simply would aggravate what would already be a bad situation and cause people to be more unlawful in their actions than they need be. People are simply not going to be denied shelter and food. It is our business to find these things. It's going to be the responsiblity of all of us to co-operate.

Q Well, the average person knows very little about evacuation and about shelter problems. Isn't the first and most important thing to discover whether there is going to be time for evacuation?

A Of course, evacuation presupposes or assumes the existence of warning time, and warning time can come only from the creation of a detection system, and this country has built some of the elements of a detection system. We are building in Canada and in the northlands of Alaska three detection lines—the Pine Tree line, the McGill line, and the Distant Early Warning (DEW) line.

Now, the DEW line will extend from Hawaii, over Alaska and Canada, to Greenland and Iceland, with a leg sticking down to the Azores, and will be composed of picket ships at sea carrying radar, aircraft flying off the United States carrying radar, and land installations with both radar and other listening devices, and it is our hope that, as enemy intruders penetrate the North American area, they will come into this detection system of ours and let us know that the attack is under way.

HOW RADAR GIVES TIME—

Q But isn't this line you've mentioned only two or three hours off?

A No. These lines today, this "distant early warning," will permit every city in the United States, depending on its location, to get from four to six hours of warning time in terms of the bomber speeds of today. Now, anyone who is calculating these things must not give to the enemy a greater capability than he has. You have to take the speed that his airplanes are capable of today. His bombers don't go 1,000 miles per hour.

Q Well, let's assume you have four to six hours. How do you know which city he is going to attack?

A Well, we won't know in the first attack.

Q Are you going to evacuate all the cities?

A We will have to evacuate, I would say, probably the 92 largest cities in the United States, the first time. Because there's no way in the world of knowing which one of those cities the enemy is going to attack. He can't attack all of them. I don't think he'll have the capability for a long time to attack all of them at once, because, when he comes to attack this country, he must divide his attacking force, the planes and the bombers, between a certain number of cities and centers of population and, also, military installations. He must hit both if he's going to accomplish his purpose.

Q Then, after he comes, there'll be a warning that all is well and the others can go back?

A That's right.

Q Do you contemplate a redeployment of those people? Isn't that going to require a great deal of planning, too?

A Sometimes I am asked: What kind of situation would it create if you evacuated the people of Detroit and the enemy didn't hit Detroit? Well, I'm just going to thank God, that's all. They've been discommoded for a period of time by moving out and there will be a little inconvenience in moving back, but, "Thank God!" is all I can say to that.

Q Then to avoid panic and disorder, you're going to have to have a plan for re-entry—

A That's right.

Q Suppose you have to evacuate them every week?

A I don't think that's too likely because our retaliatory force will be in action. I believe that Russia will have so much business at home trying to clean up after the attack that, while there may be some other attacks, they won't be of the same force, and there may not be any of them following the first attack.

Q Supposing, then, that we know about it and you have four hours and the bomb comes sooner than you expect, what does a fellow do? He's at the target or near the target. Is there anything that you outline for him there?

A If you're caught—if a bomb were to fall over Washington at this very moment—there isn't a thing to do that I know of except to take the very best shelter available. If it fell about here, I would be under this table, or up against that wall. If I had time, I'd run down into the basement. If I were outdoors, I'd throw myself into a ditch. Why? Because many people saved their lives in Nagasaki and Hiroshima just by throwing themselves in ditches.

One man was 16 feet under the surface of the earth—he just happened to be there—at the exact center of the bomb burst, and he lived through it. Now, remember, that was an air burst. But getting into a ditch, getting behind a wall, getting into a basement, getting into any kind of depression may very well save your life.

This is a great gambling enterprise. Nobody can drop an atomic bomb with exactitude. If they come into Washington, we think they may try to drop the bomb on the Capitol because it's a good prominent feature, but in the process of trying to drop the bomb there, they may miss it a considerable distance.

So that taking shelter here—assuming that we're fortunate and the bomb drops in the other direction—simple shelter may save our lives. There we come into the other element of the two factors I mentioned—evacuation on the one hand and shelter on the other hand.

BIG CRATER: NO SHELTER—

Q Then you believe shelter is possible even at the target's center? If there's going to be a crater, though, that's not going to help you—

A I don't feel that there's anything you can do that's practical in the way of shelter within a certain number of miles of the assumed aiming point—

Q The direct-hit point—

A The direct-hit point.

Q You didn't have any safety at the direct-hit point in the last war, either. You were out of luck—

A You were out of luck, yes—that's right. But that was over a much more restricted area.

Q But if a building got a direct hit, everybody got it—

A You were done, yes. Now, I've been saying for some little time that if I lived 15 miles or more from the Capitol in Washington, I would build myself a back-yard shelter. If I had the money, I would build a place in my back yard that was constructed of concrete reinforced with steel. I'd cover it with three feet of dirt. I'd have filters in my air intakes. I'd put water and foodstuffs and some kind of sanitary facility down there, and a battery-type radio.

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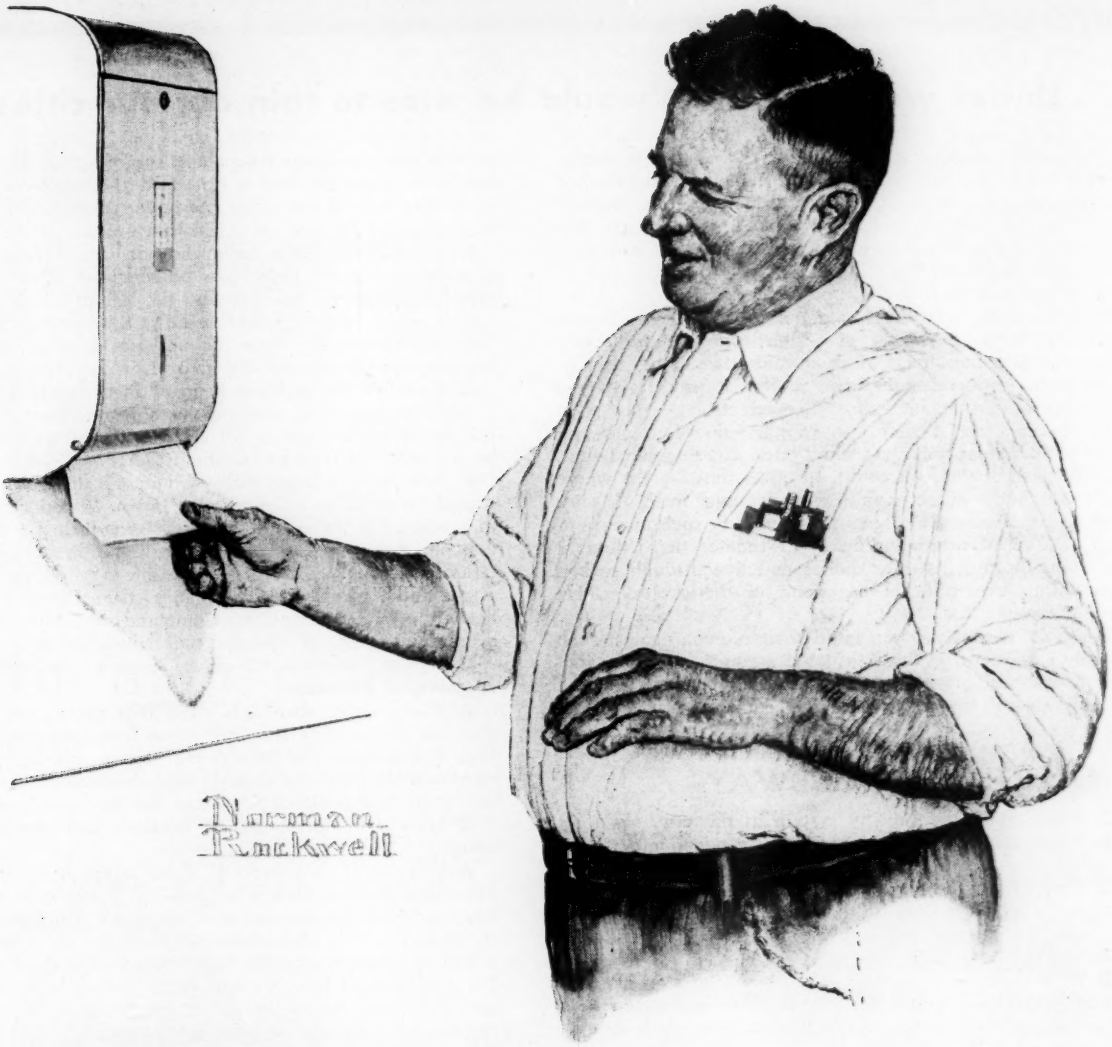

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. . . Under war threat: "It would be wise to thin out our cities"

The reason I say that is that if you have that type of shelter in your back yard, and the Russians came in and attacked the capital city, you would be absolutely safe against radioactivity. This back-yard shelter would give you that. The three feet of dirt would give you that, whether it was reinforced or not.

Q If you were in it at the time of the attack—

A Well, if you were in it or got into it as quickly as you could. Secondly, it would give you complete protection against the thermal effects of an atomic attack. And, thirdly, if you built a concrete-reinforced shelter, it would give you a considerable protection against blast effect.

An atomic scientist came into my office one day and said: "How close do you think you could build a very good shelter, the strongest shelter you could, to an assumed point where a 10-million-ton bomb would explode, and live?" I said: "You go try it yourself. I have no interest in such an experiment." But he persisted, and finally I estimated that I thought you could build a first-rate shelter and live through such a blast within five miles of the point of the explosion. He thought four.

The point is that you can build shelters even against such horrible explosions as these, but the amount of money that they would cost makes them absolutely impractical, and, if you are down in the crater itself, it becomes a very academic process.

PROTECTION IN SUBWAY—

Q What about the subway system in the city?

A If you have a subway system and can get into it, you certainly should do it. That's assuming no time to evacuate.

Q That's what they did in London—

A Yes. I would not advise that anyone build subway shelters with the idea of using them in these congested areas because I think it's futile.

Q It's instantaneous, isn't it? If the bomb goes off over the Capitol, and I live 15 miles from Washington and have such a shelter in my back yard but am not in it, how much time do I have to get in it?

A Of course, the thing that's almost instantaneous is the thermal effect. That means that heat would be on you immediately. The radioactivity would not be quite that fast and the blast would take a little time to reach there.

But, say, that you were in the house and got just a minute or two notice over your radio—and chances are you would have much more than that before any attack—in a minute or two you could get in your back-yard shelter. You would want some time, of course. This idea that you would run to the shelter after the bomb went off—you'd have to be quite a distance away from the bomb to be able to do that.

Q As a practical matter, let's assume that war has been declared and there's a possibility of this type of bomb being dropped. Does your Civil Defense contemplate anything being done with the populace immediately about dispersal? For instance, would you then advise people who could operate in the country to move to the country during wartime?

A Yes. There are two kinds of evacuation that we refer to. One is called "strategic evacuation" and the other is called "tactical." Strategic evacuation is based on strategic warning time.

In other words, there are many who believe that, if the Russians are going to attack the United States, they would have to move so many troops and supplies that the activities would be apparent and a tip-off to the whole world that something was in the offing. Assuming that type of evacuation, it would be wise for us to thin out our cities.

In other words, anyone who did not have to remain in the city should remove himself or be removed. That would be primarily children, the aged and the infirm. They should be moved out, much as the British did in the last war. The other evacuation, tactical, would be undertaken when an enemy has been picked up coming in by this detection system.

Q Couldn't the Russians keep us in complete turmoil, as a cold-war tactic, by sending out a few planes penetrating this detection line, get us all alerted so that we'd move our people out, and then go on about their business?

A Yes, that's a possibility, although I think it's way too dangerous for them to undertake. If you've noticed any time that one of our airplanes has strayed a little bit into their domain, it has been shot down without a moment's hesitation. If the Russians gave that line a good nudge, they might find General LeMay's planes [Gen. Curtis E. LeMay heads the U. S. Strategic Air Command] over their homeland dropping bombs. It appears too dangerous to engage in.

Q If you evacuate 92 cities, haven't you tied up the operation of the country?

A That's right, absolutely. And that brings me into this problem. As citizens we must erase from our minds World War II concepts. The World War II concept was that you remained at your lathe and kept producing. You simply cannot do that in the type of war that we now face.

Q How are you going to continue the production of arms?

A You simply cannot do it. There are many now who are beginning to think that you must win a war with what you have on hand the day the war starts. All you have to do is to think about the devastation that will occur in America.

For six years, during the time I was Governor of Nebraska, I was on General LeMay's staff in the Strategic Air Command, as a Reservist. As we were planning what we would do to the enemy, I thought of what we would do here if he came. Because anybody knows that what we can do to a country someone else can do to us in considerable measure.

U. S. IS VULNERABLE—

If you attack 30 or 40 or 50 American cities—the number could be much smaller than you think—if you attack the leading metropolitan complexes of America—I use that term rather than city, because it is more meaningful: the New York area, San Francisco Bay area, and so on—you won't have to attack very many to destroy all the port facilities of the United States, the great railroad terminals of the United States, the great banking centers of the United States, the great commercial food warehouses of the United States, the great petroleum-concentration points.

You can just go right on through the whole gamut of American resources and you've put a tremendous dent in all of them. The great steel mills of the United States would be crippled. The airplane factories would go. Just let your imagination run a little bit, you see.

When you've done that, in my judgment, you will have the country prostrate in a large measure—you will have the United States lying on the ground industrially. You haven't

(Continued on page 126)

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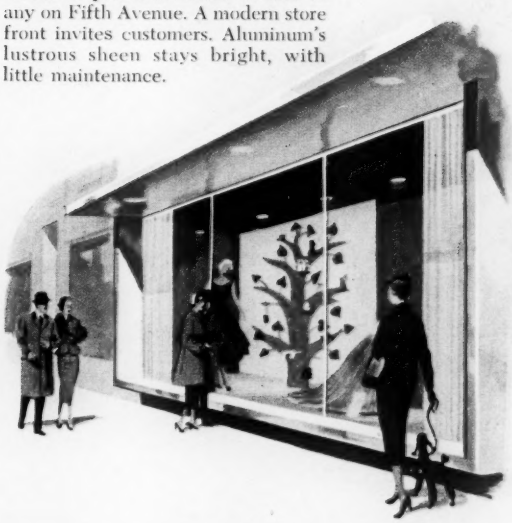

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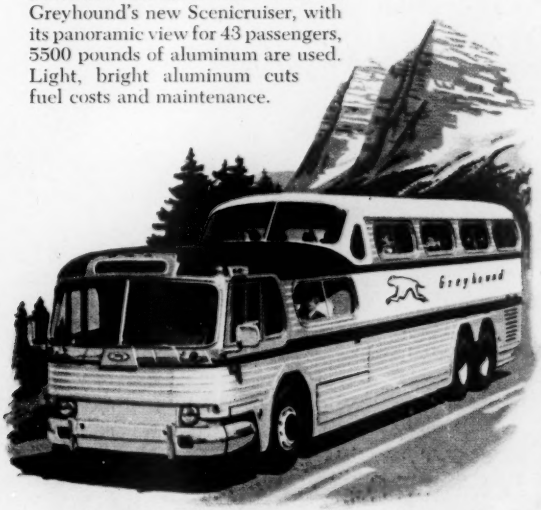
It takes aluminum. To build Greyhound's new Scenicruiser, with its panoramic view for 43 passengers, 5500 pounds of aluminum are used. Light, bright aluminum cuts fuel costs and maintenance.



People keep on discovering that one thing after another becomes better when it's made with aluminum. Light, strong, good-looking aluminum is put to more new uses everyday.

U.S. industries will need more and more aluminum, and to produce it will require huge amounts of new electric power. Neighboring Canada has it—vast waterpower reserves not competed for by other industries. To meet fast-growing needs for aluminum, Canada is further expanding its production facilities.

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Aluminum from Canada benefits the U.S. economy by helping to provide factories the raw material they need and to insure jobs for over a million U.S. metalworkers... **Aluminium Limited, Montreal:** one of North America's great aluminum producing enterprises. (In New York: Aluminium Limited, Inc., 620 Fifth Ave.)

ALCAN

Aluminum *from* Canada

First Team

The *years-ahead* design and production capabilities of Northrop Aircraft, Inc. are time-proved by the performance of the long-range Scorpion F-89 all-weather interceptor series. Today the newest members of the Scorpion family, the F-89Ds, constitute the "first team" of the U. S. Air Force, standing combat-ready at our most critical defense bases. Although the Scorpion's basic lines were laid down years ago, advanced engineering enables it to penetrate into the high altitudes where tomorrow's bombers will travel. Now armed with the massive striking power of 104 air-to-air rockets—heaviest punch in the air defense arsenal—the reliable Scorpion, with its two-man crew, can make effective use of even newer weapons as they are proved and produced. Because of this unique design flexibility, the Air Force has gained years and saved millions of tax dollars in its build-up to defensive strength. Like its teammate, the Northrop Snark B-62 long-range pilotless bomber, the Scorpion is a product of the creative ability of Northrop Aircraft, Inc.—since 1939 world leaders in the design, development and production of all-weather and pilotless aircraft.

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IN YOUR PERSONAL PLANNING

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Washington, D.C.

Action by the Internal Revenue Service spotlights a provision of the new tax law that is causing lots of confusion. It involves the tax break people get on sick-leave pay. Here's the situation:

TAX BREAK. The law provides that, within limits, payments you receive while you are off the job as a result of illness or injury can be tax-free. But there are angles involved that raise questions, leave people bewildered. Now, though, the IRS is proposing regulations to help straighten things out. A number are sure enough of adoption so that you can use them safely in figuring your income tax on sick-leave pay you got during 1954.

SICK PAY. The rule is that, if you were out because of an injury, any amount up to $100 a week your company pays you doesn't have to be counted as income. If you were ill, only payments after the first seven days are eligible for this tax relief--unless during the illness you spent at least one day in a hospital. You have to be a regular bed patient; being an outpatient or going to the emergency ward doesn't qualify you.

ILLNESS ANGLES. Note, too, that only payments received while out for injury or illness can be excluded. If, on a paid vacation last year, you were sick for five days, including one day in a hospital, there's no tax break. Or, if you were out hurt, and recover, and then your boss tells you to take more time off with pay as an extra rest, this last part is taxable. Other angles:

If you were out a few days with what seemed to be a cold, struggled back to work for a day, then wound up in bed again with what was really a serious infection, you must treat the two absences as separate illnesses, taxwise.

If you got sick one Saturday, lost a week's work, and went back Monday--nine days later--there's no tax relief. Reason: The seven-day qualifying period starts on the first day you miss work--not necessarily the first you're ill.

AUTO ACCIDENTS. The belief that excessive speed is most often the cause of auto accidents doesn't square with the facts, studies summarized by the New York State Commissioner of Health indicate. He cites figures to show that driving faster than the law or road conditions allow is involved in only 28 per cent of car crashes. Sometimes, he says, the cause may stem from physical factors--eye troubles which come on gradually in late middle age; effects of exhaust gases on a driver's co-ordination, especially when he has been smoking; mind-dulling

(over)

effects of antihistamines. But most crashes, he adds, occur among individuals who are not thus accident-prone. One possible explanation: Nearly everyone drives too fast 15 per cent of the time; it may be, he says, all drivers do other unsafe things to that extent, and so risk accidents.

SOCIAL SECURITY. Couples nearing retirement age ought to look into this angle of the new Social Security law:

A husband and wife, who both have earnings entitling them to Government old-age pensions, have a choice of payments. They can get either a husband-and-wife benefit, or one based on individual earnings, whichever is larger.

The new law provides that a person becoming 65 before Oct. 1, 1958, can qualify for a benefit under special rules. Thus a wife, who up to now hasn't been covered, might become eligible by working as few as 18 months in a job in which Social Security taxes are paid. Then she and her husband could, as a maximum example, choose retirement checks of $217 a month instead of $162.80.

DEPENDENTS. In deciding, for tax purposes, whether you furnish more than half a dependent's support, you can count the fair rental value for the room in your house that the person lives in. So holds the U.S. Tax Court, overturning the federal tax collector's view that only actual cash outlays can be considered.

RETIREMENT INCOME. A double deduction for people in community-property States that we suggested as a probability last autumn now gets an official nod from the Internal Revenue Service. IRS decides that, where the law of such a State considers half of a husband's earnings as belonging to his wife, both spouses may count their shares of the income separately in figuring whether each can claim the new tax law's retirement-income credit. That can mean a tax reduction of as much as $240 apiece.

VACATIONS IN EUROPE. Best times to visit Italy, our Regional Editor in Rome suggests, are spring and autumn. Weather is better then, and you miss the peak vacation-season crowds. Winter, too, in much of Italy is mild, and travelers from the U.S. at that season can get special identification cards giving them discounts on rail and bus fares and on many hotel and restaurant prices. If you go in summer, though, you'll find prices highest at popular spots such as Venice, the Italian Riviera, and along the Gulf of Naples. Better travel bargains can be found in less well-known but equally attractive spots.

ROTC COMMISSIONS. Question: Does a college graduate accepting a Reserve Officers Training Corps commission have a longer military liability than a youth who is drafted? The Department of Defense says no. Both have a combined active-duty and Reserve obligation totaling eight years.

FERTILIZERS. These tips to homeowners come from Department of Agriculture specialists: There is a new chemical fertilizer coming on the market this spring which releases its nitrogen more slowly than older types; thus its effect lasts longer and there is less chance of "burning" lawns. Also, a chemical is available which acts as a weed killer and soil sterilizer, then later turns into a fertilizer. It works best against tiny seedlings, though, and its plant-food effect, while helpful, is no substitute for normal fertilizing practice.

while a city sleeps...

NEW STREETS FOR OLD

At night the old, well worn concrete roadways in twin mile-long vehicular tunnels were completely resurfaced.

The resurfacing material had been laid with a *Blaw-Knox bituminous paver finisher.* This machine lays any asphaltic material, hot or cold, at speeds and with a quality of surface, never before available to road contractors.

This is another example of the Blaw-Knox contribution to outstanding achievements in many fields of industrial activity . . . in speeding up production, lowering costs.

Perhaps in the list of products and services below, you will find one or more that you can put to use in your business.

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Process Equipment: Evaporators, dryers, welded pressure vessels and digesters

Grating: Open steel flooring

Rolls and Rolling Mills, for Steel and Other Metals: Rolling mills, mill drives, shears, special equipment; rolls; open hearth equipment, including water cooled furnace doors, frames, reversing valves, dolomite machines and other auxiliaries

Piping and Sprinkler Systems: Pressure piping and automatic fire protection systems for chemical and power plants, steel mills, oil refineries and for process industries generally

Construction Equipment: Road building black-top and concrete pavers, spreaders, finishers, subgraders, rollers, truck-mixers, road rails and aggregate concrete mixing equipment; heavy forms (for subways, tunnels, dams); clamshell buckets

Towers: Radio, television, microwave, power transmission

Ordnance: Anti-aircraft gun mounts; armor castings for tanks

Special Report

(This article represents the result of an extensive research on a problem of outstanding importance.)

PRICE OF LAND KEEPS ON RISING

The family that wants to build its own home finds the cost of land double, in most places, what it was when war ended.

Other costs, for local improvements, also are higher.

It's a major problem for anyone who expects to build or buy.

Reported from WASHINGTON, NEW YORK and SAN FRANCISCO

At a time when many other costs have leveled off, the cost of land is rising, pushing up prices of new homes, making it harder to build or buy a house.

The rise is steepest in the suburbs. It shows up also in the vacant lots in prosperous city sections and even in some farming areas, despite the fact that farming is less profitable.

To the property owner, this trend represents a nice gain, of course. A family that bought before or shortly after World War II finds that real estate has been a pretty good "hedge" against postwar inflation.

But the family that is trying to buy its first house is having to pay more for it, as a result of higher land costs.

The chart on this page indicates how the cost is mounting. This is based on appraisals, by the Federal Housing Administration, of lots on which new houses, covered by FHA mortgage insurance, are located. Costs of improvements, such as streets, sidewalks and grading, are included, along with the value of the land itself.

The cost since 1946 has nearly doubled. The increase from 1953 to 1954 was nearly 17 per cent.

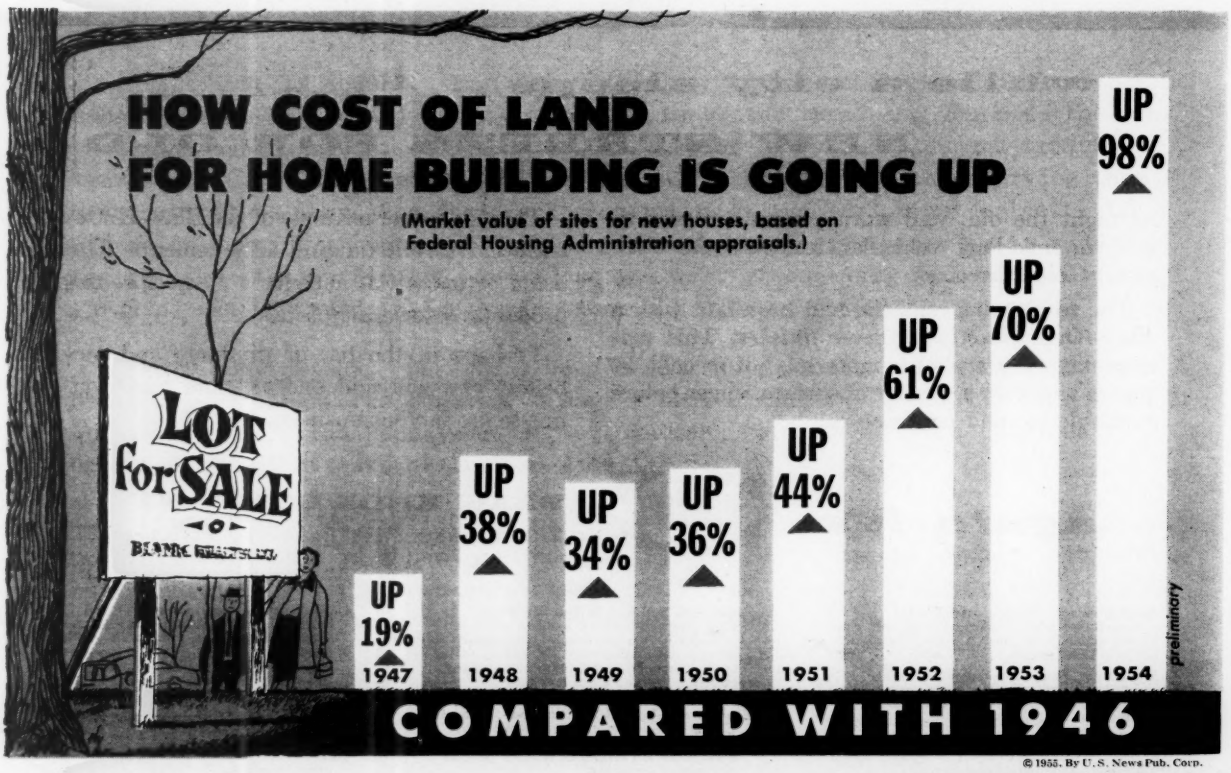
Land on which older houses are situated has increased in value almost as sharply, according to the FHA figures.

Behind that increase are at least three big factors.

Land hunger. One is the tremendous wave of building that has taken place since World War II and seems now to be at a crest. More than 8.7 million new houses and apartments have been put up in the past nine years; they are going up now at a rate of more than 1.3 million a year.

As a result, a huge amount of good land already has been put to use. A shortage of desirable lots is developing around the big cities.

A San Francisco builder explains: "We're running out of the basic raw material of the building business—suitable land. So there's a scramble among builders for new lands to develop. We have only two directions to go. We can take to the hills and build on acreages that would have been considered entirely unsuitable for mass housing 20 years ago, or we can head for the wide-open spaces, putting the homeowner farther and farther from his job."



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On Long Island, the "bedroom" of many people working in New York City, the building boom first hit the western part of Nassau County, just beyond the city line. Land for one of the largest developments there cost less than $2,000 an acre in 1946. By 1951, nearby land was selling for $5,000, and sales have taken place recently at a price of $10,000 an acre.

Building now is moving out into Suffolk County, Long Island, in search of space. But, even there, desirable raw land costs as much as $8,000 an acre.

A second cause of the inflation is the mounting cost of improvements on the land. This results in part from local opposition, especially in rural areas just now being invaded by suburbanites.

Folks with a yen for country life have moved into these sparsely settled places. They wanted to get away from the city; now they find the city moving in on them. They find also their local governments are being saddled with costly problems as the land is built up. There is need for more schools, sewer and water systems, and better roads to handle increased traffic.

The reaction in some sections is a protest against any changes in the rural pattern, outright opposition to the invasion. A government plan to put up a new headquarters for the Central Intelligence Agency at Langley, Va., a small community outside Washington, D.C., has run into loud protests. Local people feel that CIA, with its 8,000 employes, will transform the area into a typical suburb.

Costly rules. Elsewhere, local concern takes the form of additional and costly rules for builders and buyers.

Alameda County, California, has increased the minimum lot size for new homes from 5,000 square feet to 6,000 square feet. A town south of San Francisco has issued a rule that the pavement on streets in new neighborhoods must be 36 feet wide and 12 inches thick, instead of 25 feet wide and 6 inches thick.

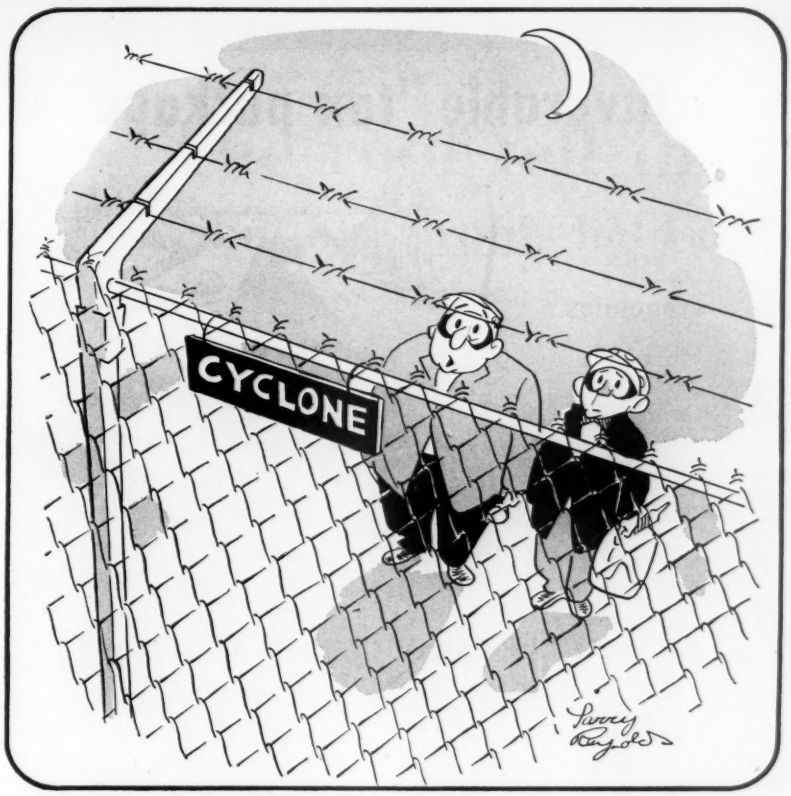
Builders of large developments find frequently they must donate free land for schools. On Long Island, there is pressure to place assessments for the full cost of new schools on new homeowners.

In other places, new neighborhoods are being saddled with more than their share of the cost of water and sewer developments.

A third reason for rising land costs is the general growth and prosperity of the U.S. This helps keep land values up even in farming sections where incomes and profits are declining. Enough farmers are still sufficiently well off to want to increase their holdings.

President Eisenhower is one of those who are adding to their farm land. He is

(Continued on page 86)



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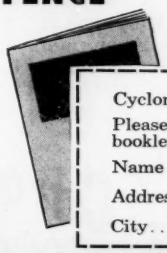

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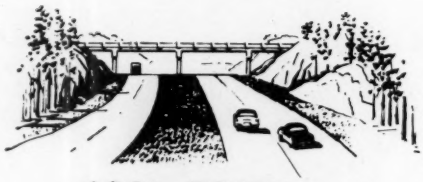
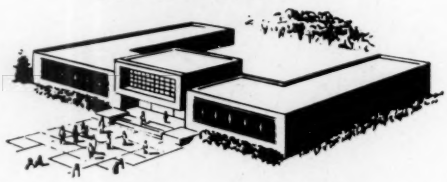


GOOD ROADS



MODERN SCHOOLS

—is one of the many advantages of plant locations in progressive

NORTH CAROLINA

A "tax package" that is one of the most favorable in the Nation for a typical plant is provided by North Carolina, along with its many other advantages—such as abundant labor, accessibility to markets, mild Mid-South climate.

A true picture of this is obtained by considering the *combination* of State and local taxes.

North Carolina's business-like government supports good roads and progressive schools at the State level, including these vital services in the State tax schedule for stability and money-saving operation.

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The actual "tax package"—State and local combined—compares very favorably with any.

Testimony to satisfaction with this uniquely stable tax program and the high productivity of available labor is provided by the roster of well-known companies which have selected North Carolina for *additional* plants and expansions.

A copy of the "Summary of State and Local Taxes Payable by a Manufacturing Corporation in North Carolina" will be sent promptly upon request. Just write, wire or phone Ben E. Douglas, Director, Department of Conservation and Development, Raleigh 9, N. C.

A handy brochure, covering many plant-location factors, is ready to mail—write for a copy.

Friendly North Carolina Where Industry Prospers

Pressure from cities inflates land values . . .

reported to be buying two farms to add to the one he is planning to retire to near Gettysburg, Pa., whenever he leaves the White House. Unless he is lucky, he is paying more for the additional land than for the first he bought.

The Agriculture Department figures the value of farm real estate, for the U. S. as a whole, increased about 2 per cent last year.

Farm values were the highest ever, the Department says, in Pennsylvania, New Jersey, Delaware, Maryland, North Carolina, Indiana, Illinois and Michigan. Prices turned up, after a decline, in such places as Iowa, Minnesota, Nebraska, South Dakota and California.

—USN&WR Photo

IN THE SUBURBS . . .
. . . not much land is left

Pressure of cities helps, of course, to inflate farm values in some places. In Bucks County, Pennsylvania, where "gentleman farming" is popular, farms with buildings are bringing $12,000 to $15,000 an acre, compared with $4,500 to $5,000 before World War II. Bucks County lies north of Philadelphia and west of Trenton.

Result of high land cost. The net effect of the rising land cost is shown by the experience of builders and developers around the country.

A builder in the San Francisco Bay area says he was able to build at a cost of $5 per square foot of floor space in 1949; his cost now is just under $6, nearly 20 per cent higher. Most of the increase, he figures, is in cost of raw land and improvements. Streets, curbs, gutters, sidewalks and sewers came to about

. . . Credit terms may get tighter for builders

$600 per house in 1949; now they are about twice that much.

Another large California builder was selling houses for $8,000 only four years ago. Then his land with improvements cost about $1,000 per house. Now the land is costing more than $2,000, and the price of the house is being raised to more than $9,000.

In one Long Island development, houses were sold at first for $7,000. Today similar homes are priced at $9,000.

Where raw land costs $8,000 an acre, and builders are allowed to put up an average of only 3.2 houses for each acre, the cost of a building lot, without improvements, comes to more than $2,400 in some areas. This means a house price of $16,000 and up is not uncommon in these sections.

An Indiana builder is selling houses nowadays for $12,000 to $18,000, up $2,000 to $6,000 in four years' time. His land cost has risen 50 per cent. New restrictions also account for much of the increased price.

Will building be slowed? Some real estate developers are beginning to wonder if this inflation will halt the building boom.

The short-term answer seems to be that, right now, easy credit is making it possible for millions to buy without too much regard for price. A veteran who can get a house without a cash down payment and with a 30-year mortgage may not be stopped by an extra thousand dollars or so.

However, financial leaders are saying these easy terms can't last; they forecast a tightening up this year. Then the higher prices may be more of a factor. If 10 per cent cash is asked, then every increase of $1,000 in the price of the house means $100 more cash to be scraped together at the time of purchase.

In the long run, builders say, getting good, cheap land may become their No. 1 problem.

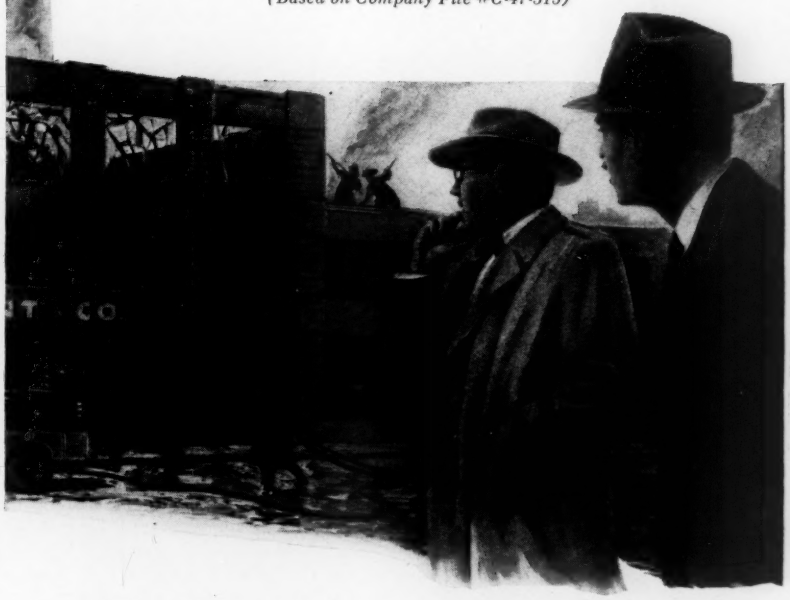
Long Island builders already are getting together to seek an answer to the high assessments for schools. They think the answer may be fewer but bigger schools in larger school districts.

The solution for another big developer is to buy enough land at one time to start a whole town from scratch. This builder has just bought 3,500 acres of farm land for a new town not far from Camden, N. J.

But, for the average person who wants to build or buy a house, there seems to be no escape from the rising cost of land and all the assessments that are added to it.

The roof fell in
...but our profits held up!

(Based on Company File #C-47-315)



Fire couldn't have knocked out our department store at a worse time. It was just before our big season . . .

Even now, no one can say how the fire started. And there was no stopping it. The blaze was put out only after the roof had fallen into the cellar.

The fire insurance money came through promptly. But materials were scarce. We had trouble getting labor, too. So twelve months dragged by before we finished rebuilding.

Meanwhile, expenses kept piling up. We'd have been hard pressed without Business Interruption Insurance. *This insurance paid us almost $200,000 for the year in which we had practically no other income!*

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THE ROAD OF PLANNED PROGRESS

We've Been Asked:

ABOUT NEW RESERVE PLAN

- **Congress is getting ready for a battle over proposals to revamp present operations of military Reserves.**
- **Important changes are suggested; some young men may be able to avoid active duty in armed forces after six months' intensive training.**

What's become of the plan for a new type of military Reserve?

It's still very much alive. Congress has before it a plan, based largely upon suggestions of the President and the Pentagon, that would revise the present operations of the Reserves of the armed forces. This subject is of importance to persons now on active duty, to those who are expecting to enter active service—some of whom may not have to serve two years in the armed forces—and to some who have been discharged.

Is there any reason to believe that this plan will be approved?

It's quite likely that there will be some changes in the present Reserve setup. The draft is to be extended, and some form of revised Reserve program may be tied to the draft extension.

Here is the present situation: A subcommittee of the House Armed Services Committee has just approved a bill that would make drastic changes in the Reserves. The full Committee will meet April 18 to study this plan, which later will be considered by the House and Senate. The bill is headed for much debate and probably further changes.

Would all qualified youths be subject to draft for two years' service?

No. Boys 17 and 18 years old would be allowed to volunteer for the active Reserves—to be known as the Ready Reserves—and for the National Guard. They would be given six months of basic and technical training. Then they would have to complete seven and a half years of Reserve duty. This would usually involve weekly drills and two weeks of active training each year.

Could these boys be drafted?

Not so long as they did good work and attended their drills regularly. But, if they fell behind in their Reserve or National Guard duties or failed to attend regularly, they would lose their draft deferment and be subject to immediate call to 24 months of active duty in the armed forces.

Would the Reserve service be strictly voluntary?

It would be, under the bill approved by the subcommittee. But another proposal, which will be considered by the full Committee, would allow the drafting of boys under the age of 19 for this program if there were not enough volunteers to make up the desired quota of from 100,000 to 250,000 a year.

Would others go into the Ready Reserves?

Yes. Most of those leaving active service in the armed forces would go into the Ready Reserve group, unless they had fulfilled their full military obligation, ranging up to a total of eight years for those with only two years' active duty. Often, but not always, these Reservists would be required to attend drills about 48 times a year. Men who served on active duty before July 27, 1953—the date of the Korean armistice—would not have to go into the Ready Reserves unless they wanted to.

What if a man refused to attend these drills?

Then he could be called up for 45 days of active duty. A proposal by the President and the Pentagon was that persons who failed or refused to participate in required Reserve training could be given discharges other than honorable. But the House subcommittee rejected this suggestion.

Could all Reservists be called up?

Yes, in time of war or national emergency declared by Congress. The plan is to have members of the Ready Reserves in such condition that they could be called quickly if needed. Members of the other group, known as Standby Reserves, could be called, too.

Why are changes needed?

The proposed changes are aimed at building the Ready Reserves to greater strength and efficiency. Many men who left active duty in recent years have just gone home and failed to take any part in the Reserves. At present, 83 per cent of Army Reservists are more than 24 years of age.

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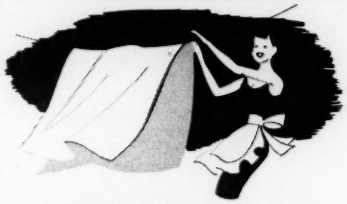

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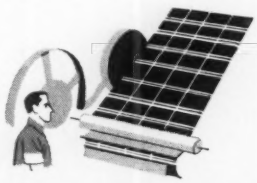

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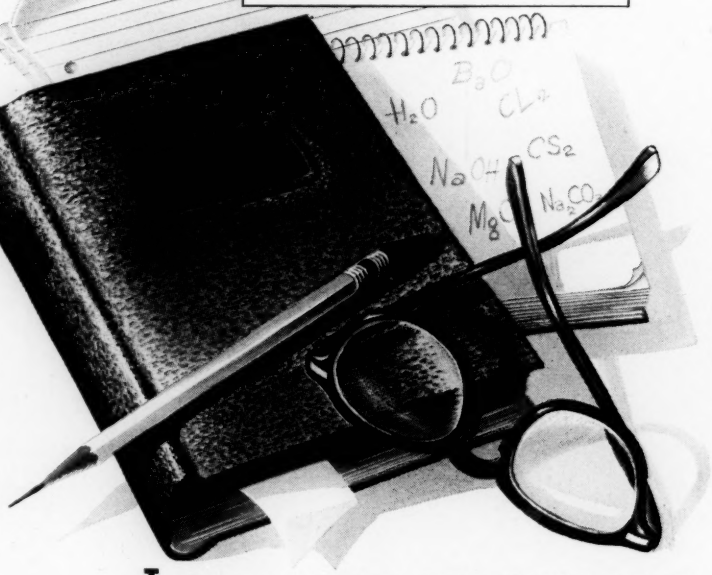

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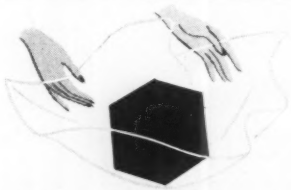

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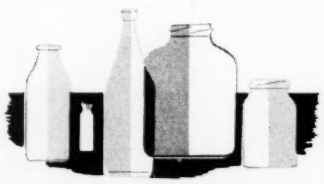

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WHO PROMOTED PERESS? THE FINAL ANSWER

After a year of bitter dispute over the Army's handling of the case of Major Peress:

• Secretary Stevens admits "dozens of mistakes" were made. Army Counselor Adams says he could have blocked honorable discharge.

• General Zwicker, back on the stand, testifies he protested Peress's promotion.

These points, and others, were made last week in the testimony of key witnesses before the Senate Investigations Subcommittee.

Senator McCarthy, taking note of a conflict of testimony, charged perjury, and the Committee chairman said the entire record would be sent to the Justice Department.

Between March 23 and 31, 1955, the Senate Permanent Investigations Subcommittee conducted an "Inquiry into All of the Actions and Circumstances Attending the Department of the Army's Handling of the Induction, Change in Orders, Promotion, and the Honorable Discharge of Doctor Irving Peress." In what follows, Brig. Gen. Ralph W. Zwicker is testifying about a letter. Extracts from the transcript:

General Zwicker: This is a letter headed: Headquarters Camp Kilmer, Office of the Commanding General, New Brunswick, N. J.; dated 3 November 1953, addressed to Lieut. Gen. W. A. Burress, Commanding General, First Army, Governor's Island, New York 4, N. Y.

Senator McClellan [John R. McClellan (Dem.), of Arkansas, chairman of the Subcommittee]: You wish to read a part of the letter?

General Zwicker: I would like to read the first paragraph, sir.

Senator McClellan: You may proceed.

General Zwicker: "Dear General Burress: Reference our conversation of this morning concerning the promotion of Captain Irving Peress, O-1893643 DC"—meaning Dental Corps—"USAR"—meaning United States Army Reserve—"this officer has refused to sign a loyalty certificate and refused to answer an interrogatory concerning his affiliation with subversive organizations claiming constitutional privileges. Investigation completed 16 April 1953 determined that this officer was a known and active Communist in Queens, N. Y. The pertinent details of his case are on file in the G-2 [Intelligence] section in yours and this headquarters. This individual was promoted to major and to remain on duty in this rank, pursuant to letter orders dated 23 October 1953. I am unable to reconcile such policies, particularly at a time when outstanding officers are being forced to return to inactive status."

This letter was signed by me, sir.

° ° °

Senator McCarthy [Joseph R. McCarthy (Rep.), of Wisconsin, former chairman of the Subcommittee]: Now, you are aware, are you not, General, that at the time the Army made its first decision to give him [Major Peress] an honorable discharge, he had not taken the Fifth Amendment before a congressional committee as to espionage activity? You are aware, aren't you, also, that at the time the Army decided to give him the honorable discharge originally, they did not have the testimony of the undercover agent for the New York Police Department and the FBI, so that there was a great deal of additional evidence? You knew that, did you not?

General Zwicker: I did not consider it to be additional evidence, Mr. Senator, because in August of 1953 I was aware, as was First Army, as was Department of the Army, of Peress's answers to an interrogatory that had been given to him during the month of August. . . .

° ° °

. . . The questions asked on that interrogatory were voluminous and many, and they covered every possible aspect of any individual's connection with the Communist Party—or any other party that might be affiliated with the Communist Party—in great detail.

I did not feel that there was anything new that could not be interpreted to be encompassed in that interrogatory that was developed between the time I was aware of it and the time he was discharged.

Senator McCarthy: How about the New York City policewoman whose testimony you did not have at that time, who testified positively that this man attended a Communist leadership school, that placed him right in the Communist Party, that made him criminally liable also because of the original interrogatory which he answered? You did not have that.

When you learned about that, didn't that cause you to say: "Well, let's find out about this, let's wait until Bob Stevens [Army Secretary Robert T. Stevens] gets back from the Far East"?

General Zwicker: May I refer to—may I have advice from counsel, sir?

Senator McClellan: You may.

(The witness conferred with his counsel.)

° ° °

Senator McCarthy: At the time I wrote the letter to Bob Stevens, the one which was received and made public the day before you discharged Peress, prior to that time this policewoman had testified in executive session, as I recall—I beg your pardon, she had not testified until after Peress was discharged.

Let me ask you this: Had you known of that witness, would you have felt he should be honorably discharged?

General Zwicker: Mr. Senator, I didn't feel then, and I

. . . Adams: "None of us knew those facts"

don't feel now, that he should have been honorably discharged.

Senator McCarthy: Thank you very much. It took many months to get that from you.

° ° °

Army Counselor John G. Adams, whose resignation became effective March 31, 1955, testified. Senator McClellan questioned Mr. Adams about a letter from Senator McCarthy to Secretary Stevens, dated Feb. 1, 1954, in which the Senator asked that Major Peress be court-martialed. From the transcript:

Senator McClellan: . . . The fact is, when you got the letter your relations with the McCarthy Committee at that time, and the staff, as you have indicated, were not too pleasant, and when you got that letter you concluded that you wanted to get the man out of the Army; and irrespective of the fact that a chairman of a Senate committee had alerted you to the possibility of that man having been guilty of an offense for which he should be court-martialed, you made the decision simply to let him be discharged, notwithstanding the fact you were alerted to the possibility. Rather than pursue that possibility before letting him be released from the service, you decided to let the discharge go through; is that not correct?

Mr. Adams: Substantially, yes, sir.

Discharge "Could Have Been Canceled"

Senator McClellan: All right, at that time, had you made a definite decision on that basis of fact, you could have, by modern communications, canceled the order for his discharge before he would have been discharged; is that not right? That could have been done?

Mr. Adams: That could have been accomplished.

° ° °

Senator McCarthy: I have just one question. If you had reviewed the 201 file [an officer's personnel file] and the form 390 [application for commission] and if you knew then what you know today, would you have held up his discharge?

Mr. Adams: If I had known then what we know today about the form 390, which was not in the 201 file, we would have held up the discharge, undoubtedly; if G-2 had known that at the time that the final decision was made or if General Weible [Lieut. Gen. Walter L. Weible, Deputy Chief of Staff] had known on any level, the man undoubtedly would have been court-martialed. But none of us knew those facts at the time of the separation.

° ° °

Army Secretary Stevens testified. From the transcript:

Senator Symington [Stuart Symington (Dem.), of Missouri]: . . . Within a very short period . . . this Committee has been able, through the co-operation of the Army, to find out in complete detail, I would say, who was responsible for his [Peress's] promotion and who was responsible for his discharge. . . .

It is hard for me to understand, if you were anxious to see this thing through to a conclusion in accordance with your letter, why you could not do a job in many months, with all the people available, which was done by the Committee staff in a relatively few weeks.

If we had had this information before, this matter could have been cleared up a long time ago.

What would be your thoughts on that?

Secretary Stevens: I do not think it was quite as simple as that, Senator Symington. It seems to me that on the promotion and reassignment of Peress, that was quite a complicated matter, and there was a combination of people and circumstances involved there, together with its close relationship to the Doctors Draft Act, as amended.

Senator Symington: Did you ever take into consideration the fact that in classifying this information, the more we get the testimony the more it would appear, especially since you were out of the country, that the person who was fundamentally responsible for approving the discharge of Major Peress was your attorney [Army Counselor John G. Adams]; and the person who certainly tried, based on the testimony, as much as anybody else to get rid of Major Peress, and not get rid of him on the basis of an honorable discharge, was General Zwicker. Did it ever occur to you that in protecting the names of the people who were involved by classifying the paper, you were doing an injustice to other officers who ostensibly were involved but actually, as the testimony turns out, were not?

Secretary Stevens: No, sir. I felt, as the civilian head of the Army, that I have an obligation to this great Army of ours as well as to all the other citizens. I had seen what happened to General Zwicker and I just made up my mind that we were not going to have a thing like that repeated until the climate became somewhat improved. The responsibility for that decision, Senator, is completely mine.

Senator Symington: I ask you this question with respect but with sincerity: Do you feel that the results have improved the position of the Army as against if you had just laid the facts before the Committee, including the names, last spring?

Secretary Stevens: Yes, sir, I do.

Senator McClellan: Mr. Secretary, I guess it is my right and privilege to disagree with you. I do not want to start an argument, but do I understand you to say that by withholding these names all this period of time and letting interest be aroused and the case discussed and charges of conspiracy and charges of coddling Communists, and all that, that has served to help the Army?

Secretary Stevens: In answer to that, Mr. Chairman, I call your attention, if I may, to the fact that the Committee had 28 names which had been submitted in accordance with my agreement. I had also agreed to produce those witnesses any time the Committee wanted them. They could have called any or all of those people at any time, and they never called any of them.

° ° °

Senator McClellan: . . . But why did you find it necessary, after 28 names were submitted, seven months later to submit another list of 60 names?

"Continuing Interest" in Case

Secretary Stevens: I submitted that because Senator McCarthy wrote me a letter on the 25th of October [1954], I answered it on the 3rd of November, and at that time released the facts, without the names, in connection with the Peress case. I had thought that that would do the job, but there was continuing interest in it. As a matter of fact, Senator Watkins [Arthur V. Watkins (Rep.), of Utah, chairman of the special Senate committee which recommended "censure" of Senator McCarthy] appeared before this Committee on the 15th of November and testified in respect to it. He said that the Committee had the names and the men could be interviewed any time the Committee wanted to.

So it was apparent to me that there was a continuing interest in this, so we started to prepare this chronology ["Chronology of the Military Record of Doctor Irving Peress," re-

. . . Stevens: "We now have the advantage of hindsight"

leased by the Department of the Army on Jan. 7, 1955], which took a considerable period of time, in narrative form, of this story.

Shortly after the first of the year, when the Congress reconvened, it was abundantly clear that there was a continuing interest in this and the climate had changed considerably. I made the decision that we would publish that narrative exactly as you now know it to be.

Senator McClellan: I think it has caused a great deal of confusion throughout the country, and I ask you if you do not realize that the handling of the names the way you have, and the long delay, simply served to stimulate more curiosity and interest and suspicion among the people than it would have if you had just laid the whole thing face up right at the start?

Secretary Stevens: Of course, we now have the advantage of hindsight on it, Mr. Chairman, but my position was that I was not going to have these Army personnel subject to what General Zwicker had been subjected to.

"Certainly You Admit Mistakes"

Senator McClellan: I think that could have been avoided, too, but certainly you admit mistakes and you admit that this thing has been poorly handled, I assume, from beginning to end, do you not?

Secretary Stevens: Sir, I missed that question.

Senator McClellan: I say, you concede certainly that many mistakes were made, not just one but many.

Secretary Stevens: Yes, sir.

Senator McClellan: I say there were dozens, and that may be an understatement.

Secretary Stevens: I concede that.

C. George Anastos, former assistant counsel of the Senate Investigations Subcommittee, testified. From the transcript:

Mr. Kennedy [Robert F. Kennedy, chief counsel of the Subcommittee]: During February of 1954 did Mr. Roy Cohn, chief counsel of this Committee, give you some instructions relative to putting a call in to the commanding officer at Camp Kilmer?

Mr. Anastos: He instructed me either late in 1953 or very early in January, 1954, to follow up information which he had that there was a Communist major at Camp Kilmer who was probably in the Medical Corps there.

° ° °

Mr. Kennedy: Now you called the commanding officer at Camp Kilmer on January 22. Did you talk to him immediately?

Mr. Anastos: Yes. . . .

° ° °

Mr. Kennedy: At that time when you got on the phone did you ask that Mary Morrill, who was the secretary, also get on the phone?

Mr. Anastos: I did.

Mr. Kennedy: Did you ask her to monitor the conversation?

Mr. Anastos: I did.

° ° °

Mr. Kennedy: At that time did General Zwicker go into the background of Irving Peress?

Mr. Anastos: Yes.

° ° °

Mr. Kennedy: Then did you dictate a memorandum to her incorporating the notes that you had made as well as the notes she had made?

Mr. Anastos: That is right.

° ° °

Mr. Kennedy: All the information contained in this memorandum was given to you by General Zwicker in that second telephone call?

Mr. Anastos: Absolutely.

° ° °

Mr. Kennedy: Do you remember that he also gave the information that in August, 1953, Peress refused to answer interrogatories, claiming his federal constitutional privilege?

Mr. Anastos: Yes, he gave me that information.

° ° °

Mr. Kennedy: And [that Peress] was a card-carrying Communist member from 1948 to 1952?

Mr. Anastos: Of course, I can't remember the exact dates as I sit here now—

Mr. Kennedy: But you can remember that he mentioned—

Mr. Anastos: I remember he gave me information concerning everything that you have mentioned.

Mr. Kennedy: Something about his being a Communist Party member?

Mr. Anastos: Yes, sir.

Mr. Kennedy: And information that he was a Communist Party organizer?

Mr. Anastos: Yes.

° ° °

Mr. Kennedy: And that he attended a fund-raising party for the 11 Communists who were being tried?

Mr. Anastos: Yes.

Mr. Kennedy: And the information regarding his mother, Sarah, and the fact that she was registered in the Labor Party from 1942 to 1949?

Testimony on Mrs. Peress

Mr. Anastos: Yes.

° ° °

I distinctly remember that General Zwicker gave me information that his [Peress's] wife, Elaine, was a member of the Communist Party and that she held Communist Party meetings at her home.

Miss Morrill testified, generally corroborating Mr. Anastos' testimony. Senator Karl E. Mundt (Rep.), of South Dakota, then stated that the testimony of these two witnesses was "completely and diametrically in conflict with the testimony of General Zwicker."

At Senator Mundt's request, there was inserted in the record at this point part of General Zwicker's testimony of March 23. In that testimony, General Zwicker denied giving Mr. Anastos any security information about Peress during the telephone conversation described by Mr. Anastos and Miss Morrill.

The hearing resumed. From the transcript:

Senator McCarthy: I would like to suggest to the chair, in view of the fact that we have two witnesses who contradicted General Zwicker on an important matter on which he testified positively—and we know that Mr. Anastos had not known this information before he talked to General Zwicker—it seems to be a clear-cut case of perjury. I suggest that we send this testimony to the Justice Department and have the Zwicker case taken before a grand jury.

I think this is an important matter.

° ° °

Senator McClellan: The chair announces that the entire transcript of the hearing will be sent to the Justice Department, including the testimony of today.

AUTO STRIKE: PLANS SHAPE UP

Odds Favor Ford Walkout—Both Sides Firm

What are the chances of a big automobile strike this year? Is the union bluffing on the annual wage, or is it serious?

It's too early for all the answers, but some signs are unmistakable. In what follows, these signs are analyzed by a member of the Board of Editors of *U. S. News & World Report*.

A strike, if there is one, will end five years of auto peace.

CLEVELAND

It is gradually beginning to dawn on the men and women who work for wages in the automobile industry that many thousands of them may be on strike in less than two months.

An observer who spent part of last week talking privately to delegates to the Auto Workers' convention came away from Cleveland with these definite impressions:

- Workers believe that a strike against Ford or General Motors is better than a 50-50 chance. Ford is picked as the union's No. 1 strike target.
- There is a feeling that leaders of the union have gone so far in building up their demand for a guaranteed annual wage that nothing short of an acceptable compromise offer from the industry will prevent a strike. There have been rumors of such compromise offers, but none has yet been nailed down.
- A strike, if it comes, may not be ordered at the time Ford and General Motors contracts expire, around June 1. Union strategy might call for a delay of a few weeks.
- Right now, the union is thinking in terms of only one strike at a time. There is no thought of shutting down both Ford and General Motors simultaneously.
- Rank-and-file workers have been conditioned by their leaders for a strike. Thousands of dollars a month have been spent to sell the guaranteed-wage idea to workers. Yet many of them indicate they are not too eager to strike.

Delay in strike date? Union strategy, it appears, is to be more flexible than some of the early reports from Detroit indicated. CIO president Walter P. Reuther clearly is not committed to ordering a walkout immediately upon the expiration of his contracts.

UAW's contract with General Motors expires on May 29—by terms of this agreement written five years ago. The Ford contract expires on June 1. One of these companies, UAW leaders make it clear, is to be chosen as the target of a strike if a satisfactory agreement is not reached in collective bargaining.

Bargaining talks—held separately with each auto company—are scheduled to begin this week at General Motors, next week at Ford. Other auto firms, with contracts expiring later this year, will be expected to accept whatever pattern emerges from these negotiations.

Chrysler's UAW contract expires August 31. Studebaker and Packard, now merged, have UAW agreements running out around September 1. The UAW will open negotiations next week with American Motors Corporation, whose Nash contract expires July 1.

Union strategy, UAW leaders indicate, is geared to how the negotiations progress. If either GM or Ford offers a plan even faintly resembling the union's demand for a wage guarantee, a strike probably can be averted. UAW is not going to insist on getting exactly the plan that it now is advocating.

There has been much talk of a compromise on this annual-wage issue, and the possibility is not ruled out that one of the companies may come up with a plan that UAW will accept. Up to now, however, the companies have shown no sign of offering an alternative. UAW officials as of now seem to be basing their plans on the theory that a strike will be necessary.

Timing of the walkout, it is explained, will not be determined until about June 1. If one of the big companies shows any signs of yielding on the annual-wage question, a few more days —or weeks—may be devoted to negotiations.

Or, as one UAW source put it, there may be a delay because companies are "too cheerful about a strike at that time." For example, he said, if auto companies have stockpiled too many cars, or if demand for 1955 models has slacked off, UAW might decide to delay its walkout long enough "for a better climate."

Strike aim: 1956 models? The strategy is designed to avoid getting the union

(Continued on page 96)

The Annual Wage: What Union Wants

Just what does the Auto Workers Union mean when it talks about a guaranteed annual wage?

The union wants auto manufacturers to agree to one of two things: Either pay workers for 52 weeks of work a year, or pay them for all time they are laid off.

How much pay would workers get while not working?

The union is asking full pay for all workers covered.

Are the companies expected to pay the entire wage bill?

The union's idea is that part of the pay should come from State unemployment funds, and the rest from employers.

How would this work out?

Suppose a man who ordinarily earns $80 a week is laid off. If he were entitled to $30 a week from the State, the employer would pay $50.

Does the union want this guarantee for all employes?

It is asking 52 weeks' pay for all workers with two or more years of service.

What about workers with less than two years' service?

They would be entitled to one week of unemployment pay for every two weeks of employment.

How are the auto companies expected to pay for all this?

The union says the auto companies should build up trust funds to pay for time not worked during prolonged layoffs. For short layoff periods, the union suggests payment from current income.

How big a fund does the union suggest a company have?

No amount is specified, but employers are expected to set aside a fixed percentage of weekly payrolls.

What would happen if the funds ran out of money?

The union concedes that if funds should be exhausted the benefits would stop.

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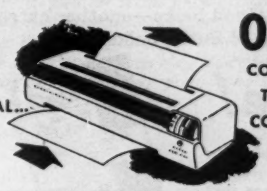

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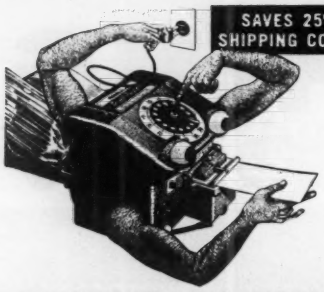

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Auto Workers will bide time before striking, watch the manufacturers' sales positions . . .

out on strike at a time when there would not be heavy pressure on management to settle quickly. Thus, if sales were slackening, the company might not object as much to a shutdown as it would when customers were clamoring for automobiles.

Some UAW leaders believe that the industry will have sold most of its 1955 cars by the time a showdown comes on the labor contract. They point to heavy sales that took place during early months of this year.

Some new models, one UAW source predicted, are to appear about October. One company, he said, already is preparing to swing into 1956 cars then. He predicted that the other manufacturers will want to have their new cars ready in the early autumn.

On this theory, the auto union could extend its agreements on a day-to-day basis, or postpone the expiration date a month or so, if it appears that a strike would "hurt" more in July or August than in June.

Tooling-up for a new model has not started in Ford or GM, according to UAW information. While the union expects no major changes in model designs this year, companies must make new dies before 1956-model production can get under way.

If UAW decides to adopt this strategy of aiming at 1956 cars, the idea would be to stop the preparations for new models either at Ford or at GM, while letting the nonstruck company go ahead with its preliminary work for the new models.

Only toolmakers on strike? In the early days of UAW, a strike of toolmakers managed to close down General Motors production lines. Mr. Reuther at that time headed up the GM division of the union. There has been speculation that he now might try to repeat the trick, might try to collect unemployment compensation for production workers made idle by a strike of a small group of toolmakers.

Several UAW sources, however, denied emphatically that such a strategy is planned for this year. One explained that State unemployment officials probably would deny unemployment benefits to production workers made idle by a strike put into effect by their own union.

—United Press

WALTER REUTHER ADDRESSES UAW DELEGATES
Many are still not too eager to strike

Ford strike: cheaper? When UAW officials get around to deciding definitely whether to close down Ford or General Motors, they are likely to take a long look at some figures they distributed to convention delegates.

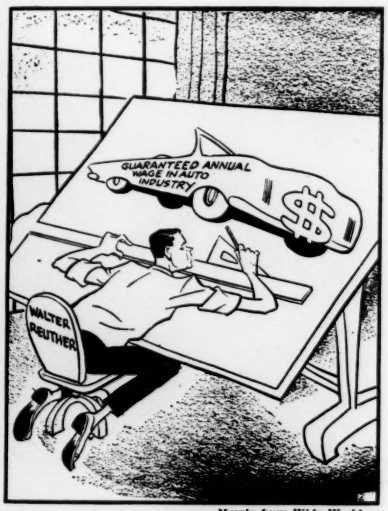
A table of strike costs prepared by the UAW top command pointed out that there are 140,000 Ford employes and 325,000 GM workers who could be involved in a walkout. If each worker got $10 a week in strike benefits, the leaflet added, a Ford strike lasting 20 weeks would cost 28 million dollars. A GM walkout on the same basis would cost 65 million.

The table also cited other combina-

. . . Union's strike fund now has about 7 millions

tions, such as a four-week strike with payments of $25 per week to each striker. This would cost 14 millions at Ford, 32.5 millions at GM. The leaflet was credited with helping to defeat proposals that each striker be given $25 a week "as a matter of right," regardless of whether he had exhausted his own reserves.

Officials of the union fought against the proposal for $25 a week. They feel that it will be hard enough to collect a strike fund of 25 million dollars, as authorized by the delegates. To collect that money, every UAW member will have to chip in an extra $5 a month in dues for at least three months.



—Morris from Wide World

"CAN HE MAKE IT RUN?"
There is talk of compromise

The UAW strike fund now totals about 7 million dollars. When the fund gets to 25 million, according to the plan, union dues will be cut back to the regular rate of $2.50 a month. But, when the fund dips below 20 million, dues will be boosted to $3.50 a month, until the fund is back to 25 million.

Too costly to be a bluff? People close to the UAW leadership argue that the officers must be willing to call a strike over the annual wage this year because of the expensive campaign of drumbeating that is being waged.

"The officers wouldn't spend that much money without showing results for it," one delegate commented. He declared that the union has issued a million stickers for auto bumpers, advertising the "annual wage"; that a half mil-

(Continued on page 98)

Rockwell Report

by W. F. ROCKWELL, JR.
President
Rockwell Manufacturing Company

RESEARCH WAS NEVER MORE IMPORTANT than it is today. Technological advances are coming so thick and fast that it is very easy for a complacent manufacturer to become outdated—and outdistanced—in a surprisingly short time.

A large share of our research effort is, of course, devoted to our present products and product lines. This involves a continuing critical examination of each individual product. Can performance or customer appeal be improved? Can manufacturing costs be cut? Is a new model needed? Should any of the present models be discontinued? What is the probable future growth (or shrinkage) of the market? All of this is done, naturally, with one alert eye on competition.

Another phase of our research is equally important: a continuing examination of the basic scientific developments flowing so rapidly out of university research centers, government laboratories, and non-profit research institutes. We attempt to evaluate new developments in terms of probable effects on our present products and markets, and in terms of the new opportunities and/or challenges they may present for the future.

With so much happening so fast in every field of science, it would not be difficult to dissipate a great deal of research time, energy and money by going in all directions at once and getting nowhere. Our Policy and Planning committee—made up of Research, Production, Marketing and Sales executives—is a safeguard against that. It is this group's function to keep research activities aimed at our long-range company objectives: continued growth through better products basic to the growth of our economy itself.

* * *

Whenever we acquire a company or a product, there is a problem of blending it into our marketing structure without losing the sales value of the old name, and without confusing salesmen, dealers, or customers. Over the years we have developed an orderly and, for us, successful method and "time-table" for making this transition as it applies to advertisements, literature, shipping cartons, product name plates, and plant identification. To help our advertising, sales, and production people make these changes smoothly and in unison, we have assembled the various steps into a booklet called "Transition."

* * *

A particularly underhanded kind of personnel pirating seems to be getting more prevalent. This is the subterfuge in which employment "counselors" write to a department head or other executive under the guise of asking him to "nominate someone" for a position which happens to be open. Then they describe a job comparable to his, but carrying a salary which they are pretty sure is considerably more than he is getting.

* * *

Frequently, especially for people relatively new in our organization, we reiterate our policy of never producing "junk" merchandise, never sacrificing quality for price. A letter from a customer helped dramatize the wisdom of that policy at a staff meeting not too long ago. The customer requested several minor parts for her Delta "American Girl Sewing Machine," which, she said, had never given her the slightest trouble until just recently. The significant fact is this: The last "American Girl Sewing Machine" was made more than a quarter-century ago, and this particular customer's may have been in use even longer than that.

One of a series of informal reports on the operations and growth of the
ROCKWELL MANUFACTURING COMPANY
PITTSBURGH 8, PA.
for its customers, suppliers, employees, stockholders, and other friends

. . . Does Mr. Reuther have a promise on annual wage?

lion handbills are being distributed to Ford and GM employes.

Pamphlets designed to "sell" the annual wage to UAW members already have been issued by the hundreds of thousands, officials reported. Radio and TV programs have helped to get across the concept.

Public statements by Mr. Reuther and other leaders also have promised that a strike will be called if needed to win concessions on the annual wage. Some delegates, who admitted that they have no "inside information," stated that Mr. Reuther must have received advance word that Ford or GM would make an offer of some sort on the annual wage or he would not be so confident of winning.

Others are just as certain that, if Mr. Reuther had any promises nailed down in advance, the UAW would not be spending such large sums on publicizing the plan.

"If there isn't going to be a strike on this issue," one delegate remarked, "why should they be spending all that money on literature trying to sell the members the importance of the annual wage?"

AFL's Teamsters: How Far Afield Will They Hunt Members?

Dave Beck, head of the big AFL Teamsters Union, is causing other labor officials to wonder just how far the Teamsters intend to go in recruiting members outside of the trucking field. Two recent moves by Mr. Beck are cited.

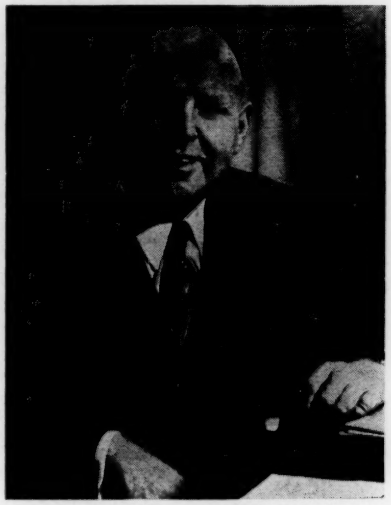
In Chicago, the Teamsters' president signed a labor agreement with Sewell Avery, board chairman of Montgomery Ward & Company, covering 15,000 of the company's employes in nine mail-order houses, five retail stores and two warehouses. Formal contracts, it was agreed, will be signed at each location within 60 days.

After signing that agreement, the Teamsters' president announced he will back Mr. Avery in the latter's proxy fight to maintain control of the company. Three of the union's regional welfare funds own a total of a million dollars' worth of Ward stock. Proxies for these 13,000 shares, it is indicated, will be given to Mr. Avery.

Officials of other unions took note that Mr. Beck, with those proxies in the background, had been able to win a labor agreement with Mr. Avery after earlier attempts by the Teamsters and other unions had failed.

Both AFL and CIO have unions in this retail-store field in which Mr. Beck is operating. There have been reports that Mr. Beck's agents recently urged the CIO Retail, Wholesale and Department Store Union to affiliate with the Teamsters.

The invitation apparently will be rejected by the CIO group, but, in any event, it finds Mr. Beck's union active in the retail field. Because the Teamsters in many areas have store truck drivers as members, Mr. Beck has an entering wedge if he decides to expand and take in store clerks.



TEAMSTERS' DAVE BECK
Next: the store clerks?

The second Beck move to attract attention involves another field of organizing. A Teamster official in Pittsburgh threatened to divert truck drivers from the Pennsylvania Turnpike if the State commission operating that highway refuses to permit the union to bargain for 500 maintenance employes of the road.

The Teamsters Union contends that at least 400 of the employes have joined the union, but the Turnpike officials have been in doubt as to their authority to recognize a labor union since the workers are State employes. Union leaders said that they did not expect to get a formal labor contract, but want to bargain with the commission in behalf of the employes.

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Information like this could be important to your future sales and production plans. If you are interested in locating a plant here . . . want information on distribution . . . or need a useful banking connection, the *locally managed* Marine Midland banks listed below can help you. This valuable on-the-spot knowledge of communities has been helpful to hundreds of nationally prominent companies.

10 MARINE MIDLAND BANKS serve these 64 Communities through 136 offices

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MARINE MIDLAND TRUST COMPANY OF SOUTHERN NEW YORK

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LIFE AROUND THE WORLD®

memo

FROM ETHIOPIA

AFTER 2,000 YEARS

ADDIS ABABA—You get the impression that there are almost as many foreigners running Ethiopia as there are Ethiopians.

One man rules Black Africa's oldest sovereign nation. He is Haile Selassie I, the Conquering Lion of Judah and Emperor of Ethiopia, who won world fame nearly 20 years ago when Benito Mussolini's Italian troops invaded his country.

The Emperor has a hand in almost everything here—schools, roads, farms and palace politics. But he gets plenty of help from what has been called a "bureaucratic Foreign Legion."

At the top of this legion of advisers, numerically, are Americans. You find platoons of them here.

Americans run the Ethiopian Airlines for the Government. The U. S. technical-aid program has sent in about 70 Americans, ranging from well diggers to the president of Ethiopia's new agricultural college. A 15-man U. S. military mission is training the Ethiopian Army and supplying it with 5 million dollars' worth of small arms.

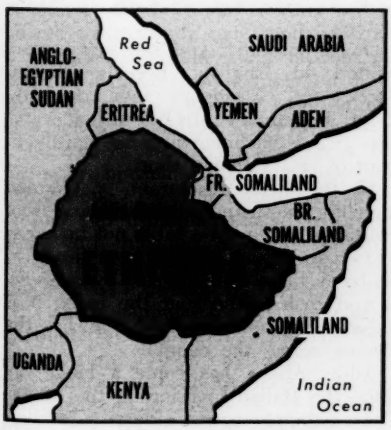
Inside the Government, an American runs the State Bank. Another directs the Imperial Highway Authority. Still other American advisers are scattered through the Foreign Office, the Ministry of Finance and the Ministry of Commerce and Industries.

The Russians are here, too, waging an Ethiopian version of the "cold war" against the Americans.

Politics with pills. A Russian-operated hospital has 10 Soviet doctors and nurses. They give free care to Ethiopian patients and nursing instruction to villagers. Some people say those villagers go back to their homes to practice Red politics as well as nursing.

The Russian Legation maintains a handsome downtown library, photographic gallery and movie theater, in direct competition with the U. S. Information Agency a few blocks away. Officials of the rival agencies leave their literature on waiting-room tables in Government offices—and sometimes snatch away each other's propaganda from those tables if no one is watching.

(Continued on page 102)



IN A FEUDAL NATION . . .

—United Press

. . . HAILE SELASSIE STILL RULES

. . . with the help of a huge foreign bureaucracy

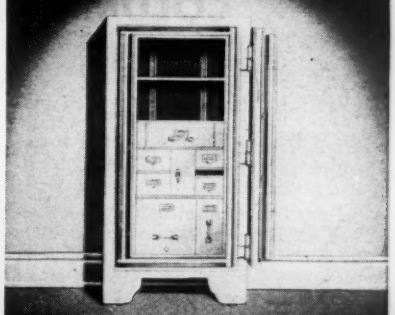
For Secretaries who get Thirsty

There's a special "lift" for secretaries in clean, cool water. And there are special Flash-O-Matic Water Coolers for offices and plants in Frigidaire's complete line.

Frigidaire Water Coolers Dayton 1, Ohio

Built and Backed by General Motors

But you have a safe, HAVEN'T YOU?



Rugged looking old job too. Ought to stand up to any fire. But chances are it won't—not unless it carries the Underwriters' Laboratories label. Those old pre-Label safes are incinerators. They're one of the reasons 43 out of 100 firms losing their business records in a fire never reopen. Don't be one of the 43—get a Meilink A Label safe. There is no safe safer than a Meilink A Label safe. Talk it over with your Meilink dealer. Or write Meilink Steel Safe Company, 1672 Oakwood, Toledo 6, Ohio.

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Most complete line of safes and insulated products

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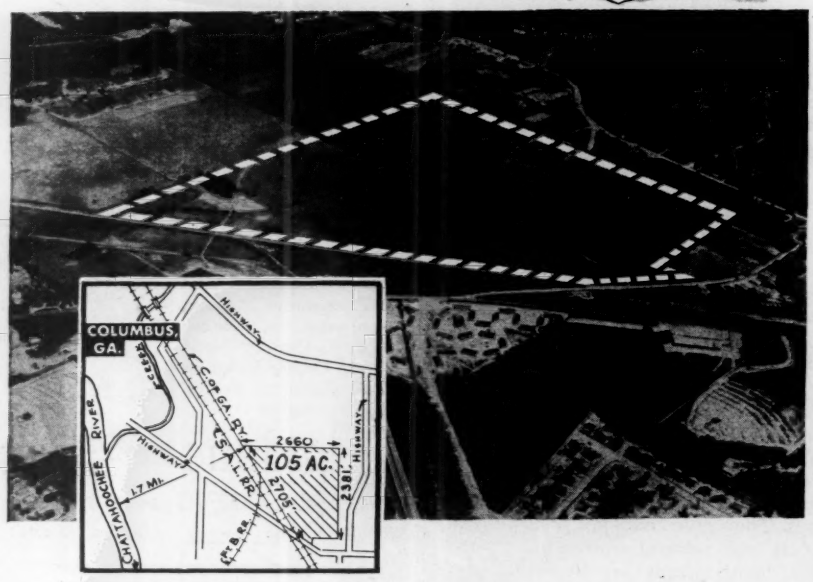
For Production . . . Processing!



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And water is just one of the *many* advantages you'll enjoy in this ideal location. The climate is mild . . . raw materials are close at hand . . . labor is abundant—skilled, semi-skilled and unskilled . . . state and local governments are cooperative. And *most* important it's . . . *in the heart of the nation's newest BIG market!* Load your products on Central of Georgia cars—and next morning they'll be ready to unload in southeastern market centers serving 22-million people and 17,000 industries. And both consumer and industrial markets are *expanding daily!*

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The Right Way...

CENTRAL OF GEORGIA RAILWAY

memo

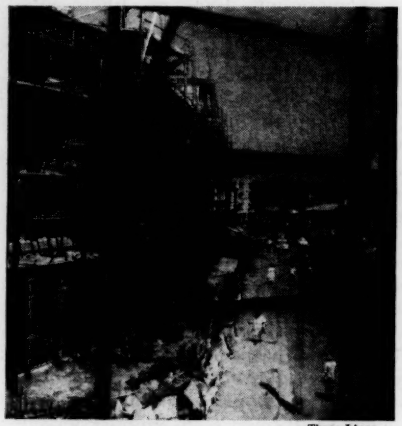
. . . Many languages heard in Addis Ababa

Many other foreigners are on hand to help the Emperor run his country.

Swedes train the Air Force and direct Ethiopia's radio and telephone network. British advisers have built up the police force, customs service and currency control. The French run Ethiopia's only railway—a 500-mile, narrow-gauge line from Addis Ababa to the French Somaliland seaport of Djibouti.

Dutch interests own Ethiopia's sugar-growing and refining industry. Canadians run the country's only liberal-arts university. An Italian and a German advise the Government's public works department.

International flavor. All of it adds up to a capital as lively and international, in a small way, as Paris or Washington.



—Three Lions

ADDIS ABABA IS MODERN
In the countryside, a different story

On newsstands, you see newspapers printed in English, French, Italian, Greek and Ethiopia's own Amharic script. Turbaned Arabs hawk their wares near two Frenchmen arguing noisily in front of an Armenian shop.

At the hotel restaurant, a German traveling salesman orders his meal from an Italian menu. At a table not far away sit two American officials from the U. S. Embassy. The hotel is run by a Swiss. If you cash a check at the bank, it is likely to be an Indian who pushes the change across the counter.

Addis Ababa has come a long way since the Italian invasion in the 1930s. Then, Ethiopia was considered a "secluded" country which few white men bothered to visit. Today, about 15,000 of

the capital's estimated half-million population are foreigners.

Looking at the capital, you might think that Ethiopia's foreign bureaucrats and Haile Selassie are well along on their job of turning it into a modern, prosperous country.

Mixture of old and new. Eucalyptus trees arch gracefully over its streets. A modern laundry occupies the rear of an unfinished opera house started by the Italians years ago. A new office building is going up in the downtown business section. Dozens of automobiles dart in and out among horse-drawn carts along the city's few paved streets.

Out in the countryside, it's a different story. There, it is easier to see just how big a job confronts Haile Selassie and his foreign advisers in their drive to modernize Ethiopia.

The first census of Ethiopia's population has yet to be made. Estimates on the number of inhabitants run from 10 to 20 million. There are no Ethiopian physicians or dentists, and only one white physician for about every 100,000 persons. People are plagued by all kinds of diseases—malaria, typhus, amoebic dysentery, pneumonia, leprosy, smallpox, elephantiasis, tapeworm and trachoma.

A foreigner, bumping over dusty roads in a battered jeep, sees life for the vast majority of Ethiopians going on almost as it has for 2,000 years or more.

On the high plateaus, a mile and a half above sea level, you pass black-skinned shepherds and their flocks. Villages are a cluster of round huts built of reed-like wattles plastered together with mud. Electricity does not exist outside Addis Ababa and a few towns. There are hardly any schools. About 95 per cent of all Ethiopians are illiterate.

One-man rule. Ethiopia still is a feudal country under the Emperor's personal rule. The press is Government-owned. The Parliament consists of hand-picked men with no real legislative authority. Within the palace, members of the royal family and nobility are involved constantly in feuds and intrigues.

Outside the palace, some factions oppose the Emperor's modernization drive. A few complain about the large number of Americans found in Ethiopia.

Foreigners say it almost takes the Emperor himself to get the smallest chore done. They find that only three or four top Ethiopian officials really go along with outsiders' ideas for improvements. Foreign advisers frequently call Haile Selassie directly on the telephone. It is not uncommon for the Emperor to telephone an American technician three or four times in one day.

Result is that Haile Selassie is just about the busiest man in Africa these days—with the help of a foreign bureaucracy that would be hard to match anywhere else in the world.

What's going on in

NON-FERROUS METALS

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is more precisely compounded and free of flaws. Used increasingly for printed circuits (as pictured at right) in the electronics field, for sheet metal work, and for general soldering everywhere in industry. Called CASTOMATIC® solder, it is made on patented machines, by Federated only. Write for 36-page "Solder" brochure.

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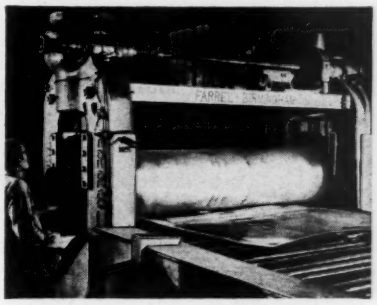
. . . sheet lead for radiation protection

is used in the new Deep Therapy room of Seattle's Swedish Hospital. Federated supplied metallurgical help and all the lead. Through Federated, American industry has access to the acknowledged center of lead research and technical service. Ask for 48-page "Lead Handbook".



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UNCLE SAM: "WASTEFUL" MOVER

Duplication, Inefficiency Found in Transportation System

What the Hoover Commission finds, in its latest study of Government at work:

• About 3 billion dollars a year is being spent just to haul Government goods and persons, including the armed forces, from place to place.

• Airplanes often are used to carry things that would go by slow freight in private life. Military air shipments overseas have included cement, dog food, table-tennis balls.

• Three big military airlines and a shipping service compete with each other, and with the private airlines and shipping companies that Congress is subsidizing to keep alive.

Following are extracts from "Transportation—A Report to the Congress" by the Commission on Organization of the Executive Branch of the Government, released April 4, 1955:

The Volume and Cost of Government Transportation

Cost of Transportation

The expenditures of the Federal Government for transportation of persons and property, as reported by the Bureau of the Budget for fiscal year 1953, were approximately two billion six hundred million dollars. In addition there is substantial transportation cost in Government supplies which are procured on a delivered-at-destination basis. It appears probable that the real total expense of the Federal Government for transportation in fiscal year 1953 approached three billion dollars.

° ° °

The Need for More Effective Traffic Management

There is a general lack of modern traffic management in the Federal Government. Due to the lack of an overall plan, there results duplication, inefficiency, and waste.

° ° °

The task force states there is no better illustration of poor traffic management than in the Federal subsistence services. They quote a Munitions Board staff report on the subsistence supply system made in the spring of 1953 which called attention to the handling of the pack of canned salmon from the west coast to Bremerhaven, Germany, via the east coast at almost twice the transportation cost had the same movement gone from the west coast to Bremerhaven by all-water shipment. An analysis of the transportation of a seasonal pack of canned peaches showed the same result.

Members of the present Commission's Subsistence Task Force noted a quantity of sugar being purchased at refineries in New York, shipped to the Army depot at Schenectady, only to have much of it backhauled. One particular carload was wanted for redistribution at Fort Totten, New York City, so quickly that it was not even opened and unloaded at Schenectady.

° ° °

The task force also questions such operations as the flying of ping-pong balls from Westover Field to Berlin; the flying of 25,000 pounds of cement from the United States to an Air Force base at Bermuda. They also cite the orders of a theater commander requiring the Military Air Transport Service to fly a substantial quantity of dogfood from the west coast to Okinawa. And they comment "that certain dogs in Okinawa had available to them dogfood at an overall cost per pound probably setting a world's record."

An example of disregard of the cost of transportation is the occasion when one of the Military Services purchased antifreeze in Philadelphia because the price quoted there was one-half cent per unit less that quoted in Oakland, Calif. The antifreeze then was transported from Philadelphia to Oakland for overseas shipment, with resultant waste of Government funds.

An example of unnecessary crosshauling was found in the Veterans' Administration which maintains three depots—Somerville, N. J., Hines, Ill., and Wilmington, Calif. These depots provide storage and issue functions for 235 hospitals, domiciliaries, homes, and offices. About 70 percent of the volume of shipments consists of nonperishable food, and 30 percent medical and general supplies. Nonperishable supplies are purchased from vendors throughout the country, f.o.b. Veterans' Administration depots. These supplies are then reshipped as required to its installations located in each of the 48 States; yet the General Services Administration has 12 stores depots located throughout the country, many of which are considerably closer to the Veterans' Administration consuming centers. Furthermore, the military has 30 subsistence warehouses located throughout the country, many of which are also closer to consuming activities than those of the Veterans' Administration.

It is not to be assumed that such examples are the result of negligence, but as clear evidence that our existing system has not provided for an integration of inventory control, procurement, warehousing, and management direction of transportation so as to avoid substantial wastage of

. . . "Someone is paying the cost . . . the taxpayer"

transportation and storage dollars. Someone is paying the cost. It is hard to visualize this someone not being the taxpayer.

° ° °

Household Goods and Private Automobile Movement

Among the "fringe benefits" provided by the Congress for the Armed Forces is the free storage and transportation of household goods and the transportation of private automobiles.

Due to lack of records, any statement as to the volume and cost of these benefits becomes an estimate. . . .

° ° °

Our task force estimates total costs of moving household goods alone to amount to at least a quarter of a billion dollars annually.

The amount of weight allowed by the armed Services to military (and some civilian) personnel varies with rank and depends on whether it be a temporary or permanent change in station. For temporary change, it ranges from 400 pounds for a private to 2,000 pounds for a general of the Army; and for permanent changes from 3,000 pounds allowed for a private to 11,000 pounds for a general.

Summary of Task Force Conclusions and Recommendations on Household Goods

While the movement of household goods is a necessary service to personnel, there are many opportunities for economy. Our task force states:

1. Much of the crating is unnecessarily elaborate and higher grades of lumber are used than are necessary. Crates and boxes are often made of the finest materials. High-grade lumber from distant points has been used where suitable lower grades were available locally at lower prices.

2. There is inflation of homebound household goods returned from overseas. The officials interviewed were unanimous that the weights of household goods of the Armed Forces being returned are anywhere from 50 to 200 percent greater than the amounts shipped out.

3. It would be less costly for the Government to provide adequate quarters with adequate basic household effects in overseas installations than the two-way hauls across the oceans to Europe and to Asia.

4. Excessive payments for household goods movement arises from short term rotation policies.

5. The practice hitherto has been for the Army to handle household goods movements for the Air Force. Increasing pressure is being brought to bear by the Air Force for them to handle their own household goods. This will lead to additional duplication of facilities, duplication of personnel, and might lead to more expensive movement by air.

6. Where such private facilities exist, greater utilization of commercial facilities should be encouraged with consequent reduction of military storage, transport, and personnel.

7. Closer checking and more careful supervision of the goods turned over to the Services for storage and transport is necessary. Also closer supervision as to the number of packages, methods of packing, types and kinds of packages is needed. Instances were found where more packages were billed for than actually packed, standard packaging rates were charged for smaller packages. The task force states "horrible examples" of waste and carelessness could be multiplied almost to infinity, such as packing one overshoe in a box more costly than the article, crates around junk tricycles, a huge box to house a 10-cent-store lamp and another for the paper shade.

° ° °

Transportation of Private Automobiles

One of the problems of the Military Sea Transport Service is the carrying of private passenger automobiles for service personnel.

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The recorded cost of moving private automobiles was $18 million, but this did not include many charges paid from other accounts and the task force estimates that the real cost was close to $27 million.

The cost of private automobile transport within continental United States is largely paid by the Government through cer-

(Continued on next page)

—Department of Defense

MILITARY AIR TRANSPORT PLANES: " . . . the U.S. Government pays the bill twice"

. . . "Over 85 per cent could be carried in commercial ships"

tain allowances to the owners per mile, but no aggregate figure is available.

The sea lift of automobiles in 1954 occupied 916,400 measurement tons of shipping space and was equal to one-third the capacity of the total nucleus fleet dry cargo traffic [Military Sea Transport Service] between United States and foreign ports, and has increased 15 percent since 1953.

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Since the volume of automobiles cannot be accommodated on a space-available basis, entire ships are devoted to this movement. The number of vessels in this lift is such that the Commandant of Military Sea Transport Service stated:

". . . we feel that if the private vehicle lift continues on the same scale as it is now, that we will require all of those dry cargo ships for the movement of private vehicles."

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Sea Transportation in the Department of Defense

Military Sea Transport Service (MSTS)

The National Security Act of July 1947 was directed to the unification of the military services. . . . The sea transport activities of the Army and Navy were consolidated under the direction of the Chief of Naval Operations with an initial fleet of 140 ships.

The Maritime Administration in the Department of Commerce has the duty to maintain the American merchant marine, to administer the disposal of obsolete ships from the last war, and to maintain a national reserve of unoperated Government-owned merchant-type ships in condition for use. This Agency holds, as of January 31, 1955, 2,097 ships in the reserve, comprising 125 transports, 24 tankers, 1,855 dry cargo and reefer cargo ships, and 93 specialized and miscellaneous types. This agency through a unit of its organization, the National Shipping Authority, supervises the furnishing of ships to the Military Sea Transport Service. . . .

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The task force states that over 85 percent of all Military Sea Transport Service traffic is "general" or "special" category merchandise which is very similar to commercial commodities and could be carried in commercial ships. There appears to be questionable justification for labeling much cargo "nonsusceptible" for private carriers.

The task force has been provided with data covering 20 regularly scheduled liner operators who have offered Military Sea Transport Service the annual equivalent of 8 million tons of outbound space, only about 50 percent of which has been used by Military Sea Transport Service. The unused outbound space offered is the equivalent of one and one-half times the volume of export tonnage carried on the Military Sea Transport nucleus fleet ships.

The failure of Military Sea Transport Service to place larger amounts of available cargo in the space offered to it by qualified liner operators, and the uncertainty of its advance space commitments to ship operators, add to the economic problems faced by industry.

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General Department of Defense policy, the Chief of Naval Operations' statement, and the Memorandum of Agreement between the Secretaries of Defense and Commerce are to the effect that Military Sea Transport Service should perform no services which private industry can render. It is evident that Military Sea Transport freighters are performing services which could be performed, and have been offered, by private carriers but have not been fully utilized by Military Sea Transport Service.

Thus the Congress is endeavoring to establish a merchant fleet which will serve both our commerce and constitute a reserve for the military services in war. Yet the Department of Defense, in enlarging the Military Sea Transport Service and in carrying large amounts of commercial-type cargo, is competing unnecessarily with this subsidized fleet and in the end endangering the congressional endeavor to build up our merchant marine.

The Comparative Cost of Government Versus Private Enterprise.—The task force states that accurate cost comparisons between the Military Sea Transport-owned nucleus fleet and the privately operated United States-flag ships are impossible. The real cost of utilization of oceangoing nucleus fleet freight ships would be increased greatly if several important unrecorded items of cost which are not out-of-pocket costs to Military Sea Transport Service, but which are real costs to the taxpayer, were allocated to Military Sea Transport Service operating costs in addition to costs presently recorded. Examples of these unrecorded items are: (1) Military pay and allowances, (2) vessel depreciation, (3) interest, (4) Panama Canal tolls, (5) free use of numerous Government facilities, and (6) insurance costs. The General Accounting Office has estimated that the first four of the foregoing items would have added $101 million to the $700 million in Military Sea Transport Service operating expenses recorded in 1953. No evidence has come to the task force's attention which would indicate that Government operation is more economical than private operation if all elements of costs are considered.

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Passenger Services

The number of civilians only (military dependents and others) traveling on Military Sea Transport Service in 1954 was almost half the number of commercial travelers carried aboard all privately owned United States-flag ships combined. The Military Sea Transport passenger fleet in 1954 consisted of 60 ships, divided into 25 troop ships and 35 carriers of military dependents, as compared to 40 United States privately operated ships. The following table shows the passengers carried for the fiscal years of 1953 and 1954:

Military Sea Transport Service Passenger Traffic

	1953	*1954*
Grand total	2,611,339	2,038,381
1. Cabin accommodations	305,338	292,248
Military dependents (civilians)	160,475	179,951
Other civilians	19,215	19,342
Military personnel (United States)	117,788	87,086
Military personnel (United Nations)	7,860	5,869
2. Troop accommodations	2,306,001	1,746,133
Korean-Japan shuttle	863,024	543,257
All other areas	1,441,107	1,202,876
International Refugee Organization	1,870	

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The actual cost of operation of the passenger service cannot be determined. A General Accounting Office report indicates that about one-third of the Military Sea Transport Service recorded costs are attributable to passenger transportation.

The task force believes that excess capacity of private ships, particularly during "off" seasons and in peacetime,

. . . "25,000 pounds of cement flown to Bermuda"

could be utilized to a greater extent principally to transport military dependents.

The private carriers need this traffic. From 1952 to 1954 international commercial sea travel to and from the United States increased slightly from 1,102,000 to 1,164,000 passengers. In the same period, however, the share of United States commercial passenger ships in this traffic declined from 45 to 40 percent (from 496,000 to 466,000 passengers), and 9 out of the 49 privately operated United States ships operating in 1952 were retired from service.

One passenger-ship operator indicated that 50 percent utilization of the capacity of two of his passenger ships in transportation of dependents would have enabled their continued operation. Failure to reach this minimum, however, resulted in layup of these ships and unless additional traffic materializes, will ultimately lead to their removal from the available American fleet.

Our task force comments that the Military Sea Transport Service in many respects is an efficient organization; that the industrial fund method of financing has proved successful; that some active nucleus fleet is necessary, but that its present size is far more extensive than national interest indicates.

Thus we find the Department of Defense ignoring the purpose of the Congress to build up a strong privately operated merchant marine for peace and a greater reserve for war.

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General Conclusions as to the Military Sea Transport Service

There cannot be two American merchant marines, one military and one civilian, operating independently and at times in competition with each other. Cooperation from the Secretaries of Defense and Commerce, assisted by American ship operators and the Congress, is needed to end this situation.

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Air Transport of Passengers and Freight by the Department of Defense

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Military Air Transport Organizations

The Department of Defense operates what amounts to at least three airlines, and in addition a large number of administrative aircraft assigned to the various military commands.

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The Military Air Transport Service (MATS).—The purpose of the Military Air Transport Service is to provide world-wide service under one authority for necessary transportation of government personnel and cargo. Its duties include maintaining certain types of airbases, ferrying aircraft, and providing certain technical services of communication, weather information, air rescue, and aeronautical chart production. The technical services, at least in part, duplicate those of the other branches of the Government furnishing such services, and elimination of such duplication is desirable.

Recommendation

That the technical services of MATS which duplicate those of other branches of the Government be discontinued.

Operating 536 (425 four-engine) aircraft for transport activities alone, the service has undertaken increasingly large operations. Its route patterns parallel United States commercial airlines in both domestic and international routes, except in a few instances such as the Arctic and northern Canada.

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Because of the fundamental nature of Military Air Transport Service operations, there are necessarily many instances of planes loaded on the outjourney and empty on the returning flight. Military Air Transport Service is aware of the inherent inefficiencies resulting from "deadheading" its aircraft and hope to improve this situation by the relocation of bases now in process. Our task force believes that the plan will be constructive.

Due to the availability of planes there has been use of the service for cargo movement of a type which would be unthinkable in commercial operations and impracticable of accomplishment in wartime. During July 1954 about 13,000 pounds of furniture was flown from Bermuda to the United States, and in September 25,000 pounds of cement was flown to Bermuda.

It was found that an Air Force band was flown about once a month from Westover, Mass., to Bermuda, where no band was available, so that large open-air dances and concerts could be held as morale boosters. The task force did not question the necessity from a military morale point of view of sending and returning an Air Force band. However, it would appear that one of the two United States certificated airlines serving Bermuda with a number of daily flights could have readily accommodated the band in its regular scheduled pattern at a less cost to the Government. "Deadheading" would have been avoided and the revenues earned by the airlines would have reduced their subsidy bill.

HOW A MILITARY AIRLINE EXPANDED

Growth of the Military Air Transport Service—

In operating costs:

Fiscal year 1952	$390,700,000
Fiscal year 1954	$481,400,000

In employes:

December, 1951	91,797
June, 1954	103,268

In passenger-miles:

Six months ending December, 1951	481,700,000
Six months ending June, 1954	748,900,000

Basic data: Hoover Commission report on "Transportation"

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The Fleet Logistics Air Wings (FLOGWINGS).—This service for passengers and cargo was inaugurated by the Navy to "operate air transport essential to naval operations where requirements could not be met by the Military Air Transport Service." However, the task force found that FLOGWINGS does not confine itself to hard-to-reach places. The main route patterns of FLOGWINGS in the Atlantic and Pacific parallel the route patterns of Military Air Transport Service to a precise degree. Alongside these two military airlines, commercial air carriers provide regular scheduled services. Complete maintenance and servicing facilities in-

(Continued on next page)

. . . Co-ordination "undermined by 'empire building' "

dependent of Military Air Transport Service have been set up to support FLOGWINGS operations. Thus, maintenance, overhaul bases, communications facilities, and other attendant activities have been duplicated.

FLOGWINGS now operates 131 (98 four-engine) transport aircraft. By June 30, 1957, it expects to increase its fleet by 11 per cent in number, and 16 per cent to 20 percent in capability. In 1954 FLOGWINGS performed 550,000,000 passenger-miles and 39,000,000 cargo and mail ton-miles.

Our task force, by sampling and otherwise, estimates that during 1954 FLOGWINGS carried at least 195,000 passengers within continental United States who might have been carried on commercial lines and some 325,000 passengers between continental United States and overseas. All of these overseas points were served by both Military Air Transport Service and commercial airlines.

The Navy also conducts a domestic air service charter operation to help supply fleet requirements on both coasts. This transcontinental charter activity is known as "Operation QUICKTRANS." It uses six C-46's leased from the Government as a scheduled service between California and Washington, Norfolk, Philadelphia, Newark, Quonset, and Boston.

In 1954 "Operation QUICKTRANS" produced almost 12 million cargo ton-miles for about $1.5 million paid by the Navy to the charter operators. This does not take account of costs of certain supporting services provided by the Navy to these operators.

The commercial airline serving Norfolk maintains that it repeatedly attempted to obtain this business without success.

The Air Matériel Command (LOGAIR).—LOGAIR was inaugurated by the Air Force to distribute aircraft parts and accessories in critically short supply, or aircraft parts having unit values of $500 or more. It is presently operated as an all-cargo airline.

Preliminary reports for the month of June 1954 indicated that the eighth ranking commodity tonnage moved comprised "blank forms, publications, and drawings." Also moving via LOGAIR during the same month were additional commodity items identified as "religious goods," "athletic equipment," "musical instruments," "lumber," and "laundry and dry-cleaning equipment."

LOGAIR transported a total of some 2,100 tons of cargo during June of 1954. Our task force states that most, if not all, of its operations are largely of a nature which, if not now duplicated by Military Air Transport Service, can readily be coordinated within that command's existing functions. They state that the existing air-lift capacity now present in Military Air Transport Service leads to the conclusion that the services of LOGAIR are superfluous.

Administrative Aircraft.—Our task force from its samplings and other information estimates that Department of Defense aircraft operating under various subsidiary commands carried 1,255,000 passengers (mostly Government personnel) within the continental United States during 1954.

Competition With the Commercial Airlines

The attempt to coordinate air passenger transport by the Military Air Transport Service has been undermined by "empire building" by the competing services discussed above. But an equally important problem in both strategic strength of the Nation for war and the immediate need for economy in Federal expenditures raises at once the question of competition of military aircraft operations with the commercial services.

In World War II and the Korean war the commercial air carriers performed a dual service. In one role they, like the railways and industrial enterprises, were utilized to support the war economy. In the other role, they served with the military transports to support strategic operations. About one-half of the commercial air transport was requisitioned during World War II.

To build a military air transport service capable of meeting all air transport needs in wartime would involve enormous sums. The capital costs of new transport aircraft are about the same for military or civil use. Military operating costs are reported as lower than private airline operating costs for the same type aircraft. However, military operating costs do not include depreciation, crew salaries, interest on Government funds used to purchase the aircraft, taxes, and other cost items of private operators. Moreover, the great economy of the civil air fleet and their trained personnel lies in productive peacetime use while serving as an immediately available reserve for emergencies.

Bearing upon this question of military carriage of passengers and freight are the subsidies paid by the Federal Government in part to maintain an adequate civilian reserve of aircraft. While United States domestic trunk airlines are now mostly free of mail subsidy, this is not yet so of the United States international air carriers. The subsidy to the United States international airline operations was intended to permit them to attain, among other things, "such stature in passenger and cargo capacity as to constitute in crisis an adequate logistical air arm of the National Defense Establishment."

These carriers receive mail pay in accordance with the Civil Aeronautics Act of 1938 whether or not full loads of mail are carried. When these military passengers or freight are not carried by the commercial airlines but are carried by the military, the United States Government pays the bill twice.

To reduce the overall subsidy to the commercial international airlines, these airlines should be filled to their capacity with military traffic instead of being paid to haul "imaginary" sacks of mail. Such action was recommended by the President's Air Coordinating Committee in May 1954.

Our task force examined in detail the ability of commercial airlines to carry Government traffic to fill their vacant capacities. The details of this study are in the task-force report; they are summed up as follows:

> If the United States international airlines were to obtain 25 percent of the passenger volume and 50 percent of the military mail shown as moved by Military Air Transport Service alone for the fiscal year ended June 30, 1954, the international commercial carriers would have reduced their subsidy bill by $42.9 million, almost 88 percent of the total amount. Moreover, to the extent that Military Air Transport Service curtailed its operation to conform to this proposal, the Government would effect actual out-of-pocket savings through a proportionate reduction in Military Air Transport Service costs. While investigation by our task force was proceeding, the Department of Defense decided to take some steps to this end which it is estimated will result in an $18 million increase in revenues for the international airlines with a corresponding reduction in their subsidy requirements.

PLUS & MINUS
Latest Indicators of Business Activity

Business activity is still rising, aided by a rapid expansion of installment and mortgage debt.

Electric-power output, seasonally adjusted, rose to a record high in the week ended March 26. The level was 16.7 per cent above a year ago.

The steel industry operated at 93.7 per cent of capacity, highest since May, 1953.

Auto production, estimated by Ward's Reports, Inc., mounted to 177,843, an all-time record. For March, manufacturers expected the total to reach 786,000, a monthly record.

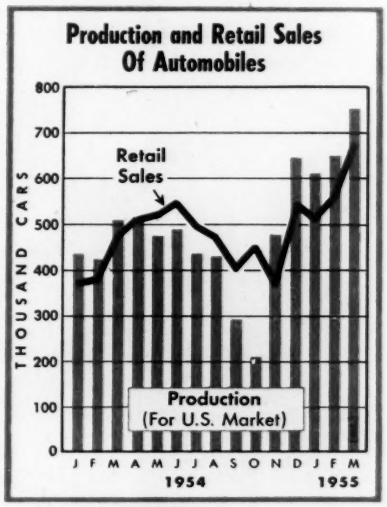
The U. S. market for cars probably will receive about 750,000 of the March total, the remainder being exported. As the top chart shows, 750,000 is substantially above the rate of retail sales.

Explanation for heavy auto production, as the chart indicates, lies to a large degree in the low output rate late in 1954, when auto plants were changing over to 1955 models, and to the steep rise in retail sales in the first quarter of this year.

Dealer stocks of new cars have climbed sharply in recent months, but from a very low level. Stocks early in March are reported at 609,000, equal to less than a month's sales and 7 per cent below a year ago.

Growth of auto stocks will continue in the second quarter, but probably at a slower rate. Auto demand normally rises to its highest pitch in the second quarter. Production, on the other hand, is likely to taper off a bit now that stocks have been rebuilt. It is likely to drop rather sharply after May, whether or not auto workers go out on strike.

Retail demand for cars is likely to hold up better in the third quarter than it did in the same period of 1954. New models for 1956, to be brought out in October and November, will be "face-lifting jobs," having few radical changes in design or engineering. The public will have less reason than it did last year to put off buying old models, waiting for the new.



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Auto installment credit extended in February rose to a record rate of 16.6 billion dollars per year, 44 per cent above February, 1954.

Auto-finance companies, in financing new-car sales, extended 74 per cent more installment credit than a year ago. They extended 30 per cent more than last year on used cars.

Easy terms now available on new-car purchases permit payment in 30 months, compared with 24 months a year ago. Terms of up to 36 months—even 42 in a few instances—have been granted by dealers. Monthly payments on a new car often are less than payments on a used car priced much lower.

Home furnishings, too, are being sold at a high rate, stimulated by the housing boom. Department stores report appliance sales in February at 30 per cent above a year ago. Furniture sales were up 9 per cent; carpets and rugs, 13; TV and radio sets, 6.

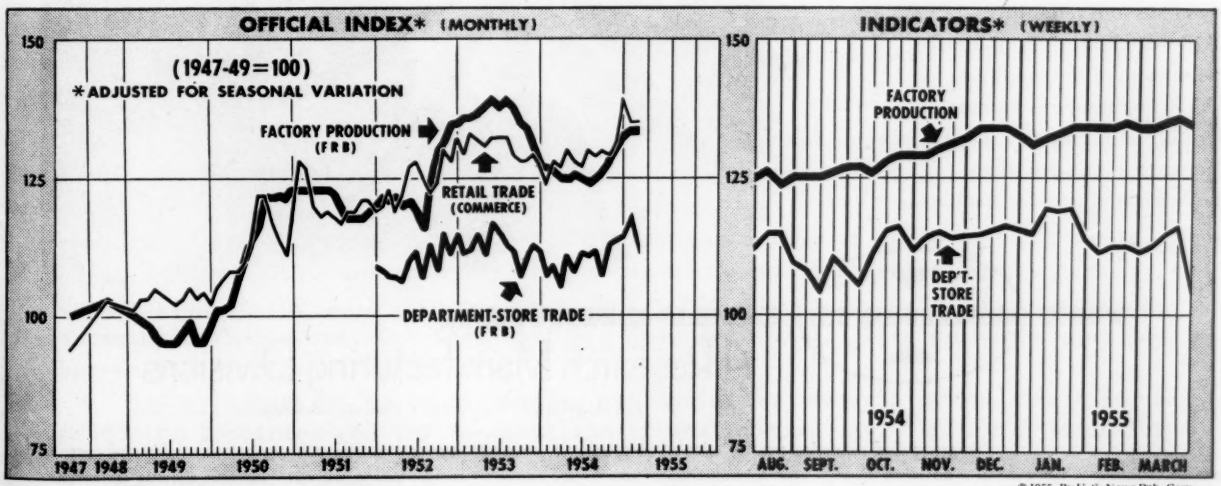
Mortgage recordings on new and old homes have been running nearly 50 per cent above a year ago.

Builders started homes, under private financing, at a rate of 1.4 million per year in February—20 per cent above February, 1954.

Unemployment, at 3,383,000 early in February, has fallen rapidly since then. In the week ended March 19, insured unemployment was down to 1,665,000, a drop of about 250,000 from early February. That is the largest decline over this period in any postwar year.

Normal tendency is for unemployment to fall about 25 per cent from February to May as business activity rises seasonally. That, alone, would cut the jobless total to less than 2.6 million. This year, the rise in business activity could reduce it even further.

Breadth of business recovery is indicated by large employment gains. If activity weakens later this year in the auto and home-building industries, there still will be many supports left for the economy as a whole.



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Harnessing power for use in industry has always been a large factor in man's progress. The old water-wheel was one of the earliest methods. Now, a small turbine-wheel descendant of this ancestor from ox-cart days is the heart of one of our newest, most exciting power units . . . the small gas turbine!

This new engine in industry's power kit produces more usable energy pound for pound than any other small engine now available!

AiResearch was first to develop and produce small gas turbine engines with completely automatic controls. Existing units have accumulated *more than 100,000 hours* of successful operation in the field. Four new model AiResearch gas turbines have recently completed revised military endurance and qualification tests with special emphasis on ruggedness and reliability.

AiResearch not only pioneered development of the small gas turbine, but has more production, operating and service experience in this field than all other manufacturers combined.

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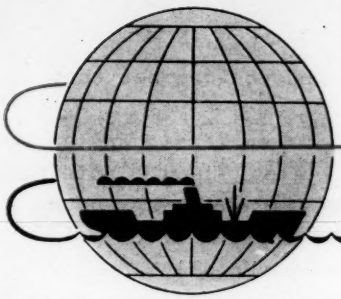


Business Around the World

WASHINGTON • HAVANA • LONDON • BONN

›› The old game of passing the buck is getting a good workout these days.

The U.S. is trying to unload surplus farm products abroad.

Coffeegrowers are trying to get the U.S. to guarantee them a market and a price for the increasing quantities of coffee now being grown.

Sugargrowers are at each other's throats, as U.S. consumption dips. Domestic producers want to cut in on Cuba's share of the U.S. market. This squeeze play doesn't appeal to the Cubans, who already have a sugar surplus.

Textile makers around the world are busily trying to horn in on each other's markets. Mills simply are outrunning demand in many places.

Consumers are the forgotten men, as surpluses develop. There's hardly a thought of lowering prices to increase consumption. Main thought is being given to how to keep surplus problems at arm's length, how to export them.

›› U.S. Secretary of Agriculture Ezra T. Benson has been getting quite a going over by Congressmen about his attempts to dispose of farm surpluses overseas. Benson has an unusual sort of task.

Benson is supposed to sell 700 million dollars' worth of farm surpluses abroad by the summer of 1957. But, in the process, he isn't supposed to upset normal marketing of the U.S. or other countries. That's a good trick.

Agreements have been reached to sell 145 million dollars' worth--mostly wheat and cotton. Other negotiations are cooking.

Meanwhile, farm surpluses continue to pile up in the U.S. Cotton surplus is getting huge. Carry-over will be 10.3 million bales next August 1, it's now estimated. That's more than the U.S. uses in a year.

U.S. cotton exports are lagging. There's plenty of cotton around the world. Much of it is cheaper than U.S. cotton. Benson is against peddling cotton at cut-rate prices. The U.S. gets enough squawks as it is from foreign competitors who see dumping as the main aim behind U.S. surplus disposal.

›› You may not agree, but coffeegrowers think coffee prices are getting awfully low. And they are afraid prices may go lower. Apparently a large Brazilian crop is coming to market this summer.

Latin Americans are having a lot of trouble trying to agree on what to do about coffee. It seems hard for them to agree to spend more to promote coffee consumption in the U.S. And so far they haven't agreed on the probable size of upcoming coffee crops, but they fear big ones are ahead. They do agree that an agreement on coffee is necessary.

Coffee agreement would presumably set quotas in the U.S. market for various producing countries and try to stabilize prices in some way. It's very doubtful

(over)

that any agreement will be reached without U.S. backing. And you can bet that the U.S. won't get involved in anything like that.

Nor is there anything to last week's rumor that the U.S. would stockpile coffee. The U.S. has enough stockpiling headaches already. Also, there's nothing to the rumor that the U.S. will make a big loan to producer countries against coffee collateral. It is true that the State Department is worried about economic and political effects of the coffee-price decline--especially in Brazil, Colombia and Guatemala. But the U.S. isn't likely to start trying to support coffee prices. Washington will certainly side-step that one.

>> American housewives for years have paid much more for sugar than housewives in other countries. High prices result from a carefully protected market, well insulated from too much foreign competition. This enables U.S. sugargrowers to live. Cubans have had a share of the lush U.S. market for years, but most of Cuba's sugar is sold for much lower prices on world markets.

U.S. sugar consumption seems to be sliding off. So a tug of war is developing between U.S. and Cuban growers for shares in a shrinking market.

There's not much doubt who will win out. The Cubans will get the short end of the stick. This has been clear for some weeks. During this discouraging period for the Cubans, the Russians suddenly decided to buy large amounts of Cuban sugar, relieving the serious surplus situation in Cuba. Russians have been getting bargain prices, plus another propaganda victory over Uncle Sam.

Actually, Soviet Europe seems extremely short of sugar owing to poor crops. There's an acute sugar shortage in Eastern Germany, for example. East Berliners are buying quantities of sugar and other foods in West Berlin markets.

>> Just about everybody's getting into the textile game, and there simply isn't room for them all. That's the basic problem behind all the squawking of British, German and French textile manufacturers. American textile firms also wail periodically about increasing competition.

In the midst of the general boom in Western Europe, textiles seem to be lagging in Britain, France, and Germany. And there are more and more complaints about imports of Japanese, Uruguayan, Indian, Italian textiles.

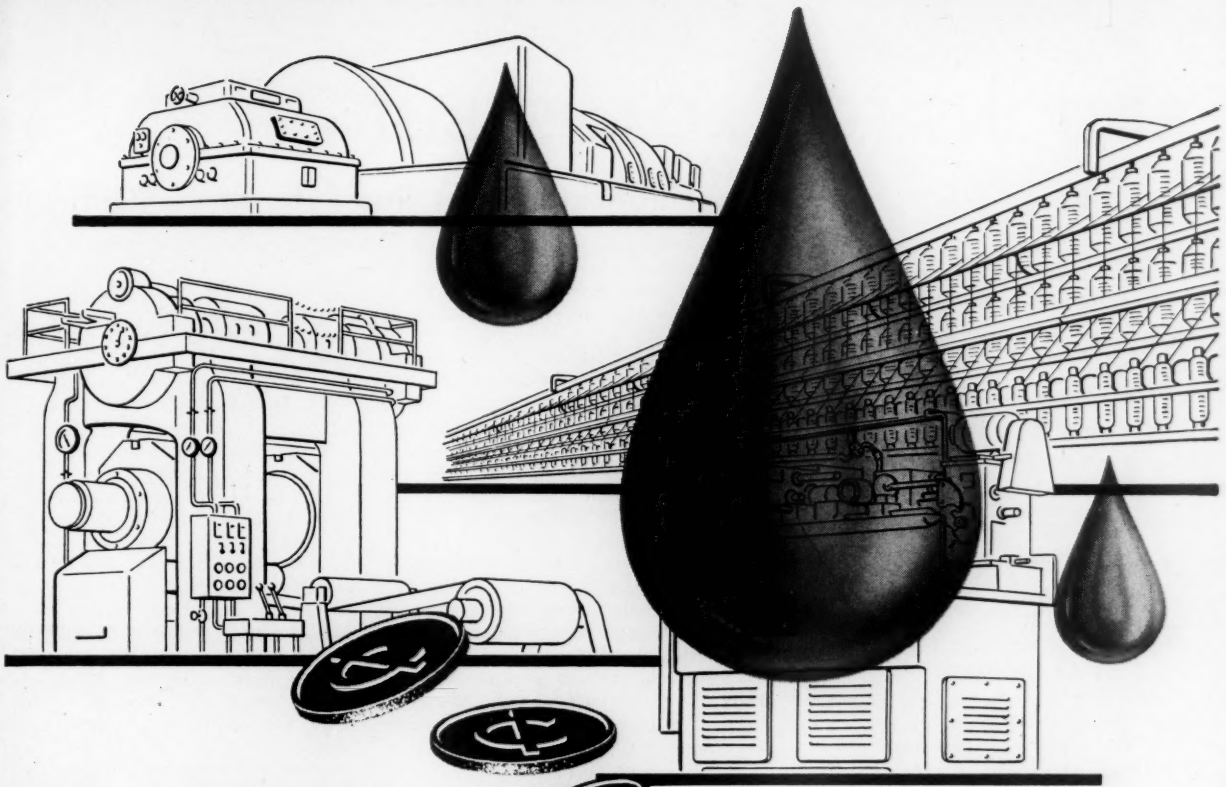
Structural changes are going on in the textile field. More of the under-developed countries are setting up textile mills. There's more self-sufficiency in textiles. The world export markets are actually shrinking. Relatively high-cost producers in Europe, the U.S. and Canada face basic difficulties and want more protection from imports. It's just another attempt to shift a surplus problem to someone else--preferably someone in another country.

>> Western Germany will take the additional financial burden of rearming in stride. That's the official view in Bonn, and U.S. observers there agree.

Build-up of German armed forces is assumed to take four years. On this basis, costs can be staggered so that no deficit financing will be needed.

First year of rearmament will cost about 1.75 billion dollars, not much more than occupation outlays of the Bonn Government in recent years. Rearming expense will move up to 3 billion annually in following years. But the growth in the German economy is expected to absorb that without difficulty.

German industry at present seems more interested in hanging on to domestic and export markets than in going after uncertain armament orders.



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BILLIONS FOR ROADS, BUT—

Financing Plans Run Into Many Difficulties

There's a price tag on the picture of broad, smooth highways presented to Congress by President Eisenhower.

Now Congress—and the States—must decide who will pay.

Should it be highway users? If so, which highway users? Or should people with higher incomes pick up most of the tab?

You may have a bigger stake than you realize in the squabble over how to pay for the 101-billion-dollar highway program now before Congress.

Behind the question of "how" to pay is the more practical issue of "who" is to pay. The over-all cost, averaged out for each mile of driving, seems small. But some people may have to pay far more than average.

Right now, the fight over financing threatens to block the ambitious plan to put the nation's roads into reasonably adequate shape in 10 years. There already are about as many payment plans put forward as there are interested groups.

Under some plans, those who operate cars and trucks the most will pay the big share of the expense. Under other proposals, those who use particular roads will pay the most. And, under still others, individuals with the highest incomes will be called on to stand a major part of the cost.

What this means is that, depending on the decision, you may have to pay a little or a lot for the program that just about everybody agrees is needed.

Over-all cost. As the chart on this page shows, the planned outlay isn't much when compared with present costs of owning and driving a car. Averaged out for ordinary car owners, it comes to about a quarter of a cent per mile of driving.

If you drive a car now—most families own at least one—you are paying about 8 to 10 cents a mile for transportation. About 2 cents of that is the cost of gasoline. Most of the rest is for the price of your car, averaged out over the miles you drive it before getting another, and for auto repairs.

More or less hidden in these costs is about three fourths of a cent per mile that you now pay in various road-use taxes—gasoline taxes, auto-license fees, tolls and the like.

Truck operators, of course, pay more than this 8-to-10-cent range.

If the big highway program goes through, about one quarter of a cent per mile will be added to these costs. To pay that added cost entirely through gasoline taxes would take a new levy of nearly 4 cents a gallon—assuming cars get an average of 15 miles to the gallon.

President's program. Mr. Eisenhower's financing plan, devised by his Advisory Committee on a National Highway Program, has drawn little but criticism ever since it went to Congress.

Specifically, the White House idea is to put 31.2 billion dollars of the cost on the Federal Government, and about 69.8 billion on States, counties and cities.

(Continued on page 116)

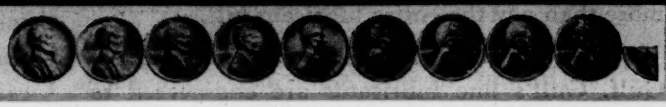
What a 101-BILLION-DOLLAR Road Program Will Cost You

It now costs*, to own and drive a car, about — 9 cents a mile

That includes taxes on road users of about — ¾ cent a mile

The President's highway program will add — ¼ cent a mile

SO, with improved highways, as proposed, your driving will cost about — 9¼ cents a mile



THESE WAYS HAVE BEEN SUGGESTED FOR PAYING THE ADDED COST:

Higher gasoline taxes • Higher license-tag fees • Special tax on trucks, buses • More tolls on tunnels, bridges • More toll roads • Higher income and property taxes

***Estimates reported by the U.S. Bureau of Public Roads range from 8 to 10 cents per mile for passenger cars, more for trucks.**

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. . . Ike's highway proposal starts legal debate

Over this division itself, there's little argument.

Over the President's plan to raise the cash, there's plenty of argument.

The Administration wants to set up an independent corporation that will raise the federal share of the highway cost by the sale of long-term bonds. Money to pay the interest on those bonds, and to retire them, would come from the present 2-cent federal tax on gasoline. Idea is that increasing traffic would yield the extra revenue without any increase in the 2-cent rate. Some funds, in addition, would come from toll roads.

Objections to the plan are raised by members of Congress and by Joseph Campbell, the man Mr. Eisenhower has just appointed Comptroller General to watch federal finances.

Most outspoken of these critics is Senator Harry F. Byrd (Dem.), of Virginia, influential chairman of the Senate Finance Committee. He condemns the idea of an independent bond-issuing corporation as a scheme to "camouflage" new debt and an effort to evade the debt ceiling.

If the country is to go on "piling up debt to be paid by our children and grandchildren," says Senator Byrd, "the least we can do is to keep the books honest."

Besides, says the Senator, the plan to earmark future gasoline taxes for paying off the bonds is "of very questionable legality." In that opinion, he is joined by the Comptroller General.

Other members of Congress object on grounds that involve taxpayers directly.

Some, for example, charge that the White House plan will be unnecessarily costly—that it is a "bankers' bonanza." Bonds to be sold by the new corporation will not be fully backed by the Federal Government and, thus, will have to carry a relatively high interest rate.

Senator Case's plan. Other members of Congress, such as Senator Francis Case (Rep.), of South Dakota, raise still other objections and offer plans of their own.

Speaking for prairie-State representatives, Senator Case points out that under the White House plan the big cost of work on the Interstate System of Highways will be borne by road users everywhere, no matter what roads they use. He wants to shift a big part of the cost to users of the Interstate System itself.

Under the Case plan, utility corporations using rights of way for their poles and wires would pay for the privilege.

(Continued on page 117)

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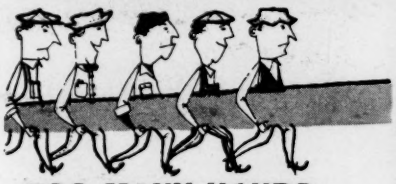

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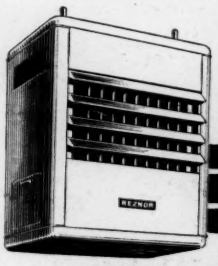

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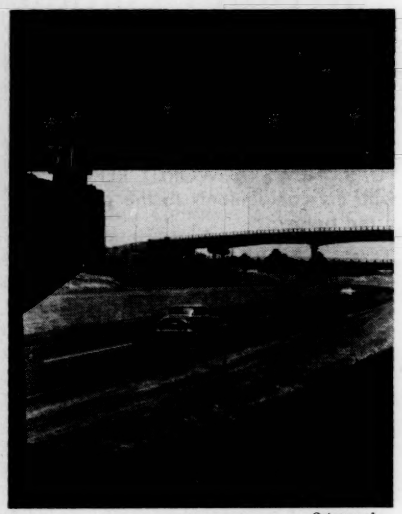
. . . Senator Gore's road plan would boost U. S. debt

Heavy trucks and buses would pay stiff taxes for the use of the country-wide highway network. And all users of this network would pay more heavily through tolls on roads, tunnels and bridges.

Both these pay-as-you-drive programs are wrong, though, in the opinion of some other critics.

Trouble with these plans, says a national farm group, is that they make the wrong people pay the cost. The National Grange says that "roads are important to all citizens." The group adds that "what federal funds are appropriated for roads should come from



—Ostergaard

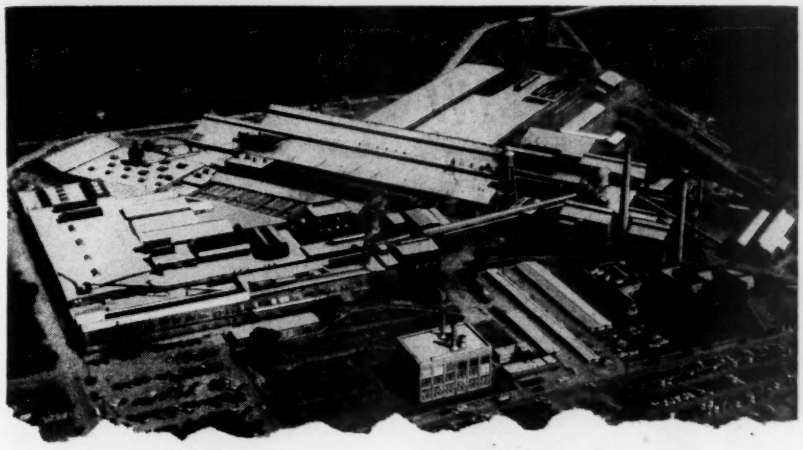
NEW HIGHWAY
Who should pay for it?

all taxpayers, and not only from highway users."

Use income taxes? The Grange idea is supported by Senator Albert Gore (Dem.), of Tennessee, who has introduced a bill calling for a continuation of the present federal-State-local matching plan. The federal share would come out of general appropriations, which means primarily from individuals and corporations who have the highest taxable incomes.

Yet Senator Gore's plan, too, is highly unacceptable to many, particularly to the Administration. The plan would boost the direct federal debt and put more of the cost of Government on those who pay income taxes, particularly higher-income families. The Administration is determined to shift some of the federal burden from direct taxes on incomes to indirect levies on sales.

(Continued on page 118)



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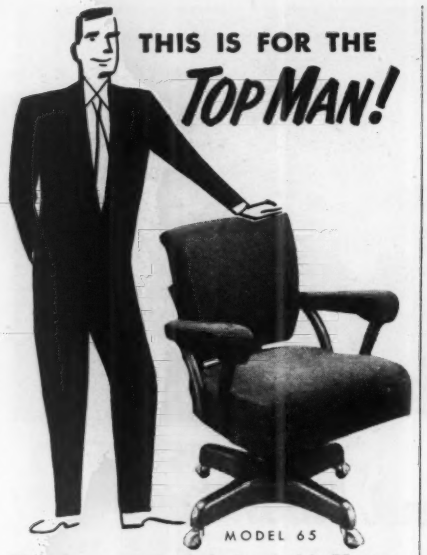
"Mississippi's governmental departments were very helpful in the establishment of reforestation programs which are carried on by wood consuming industries. Such programs have provided another annual crop for the state's farmers as well as a perpetual supply of raw materials for industry. This development is one of the interesting phases in the progressive strides being made in Mississippi which benefit both agriculture and industry."

Many other nationally known industries have reaped similar benefits under Mississippi's progressive government. This state also offers a large reservoir of intelligent, cooperative labor; expanding markets; abundant fuel and electricity.

In addition, it offers a unique BAWI (balance agriculture with industry) plan under which political subdivisions may vote bonds to finance the purchase of sites and the construction of buildings for lease to new or expanding industries.

We invite your further investigation of Mississippi and its BAWI plan. Your request for information will be handled promptly and treated with confidence.

A DECADE OF PROGRESS IN MISSISSIPPI
BAWI
MISSISSIPPI
AGRICULTURAL AND INDUSTRIAL BOARD
State Office Building • Jackson, Mississippi



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Finance Week

. . . Cost of road program to States: 70 billions

Even after the argument is settled in Congress, you'll have to wait a while to learn the bad news. For a decision there will involve only the Federal Government's share.

It's at the State and local levels that taxpayers will be called on to pay the big share of the program's costs. So far, the States are insisting that they can't afford even their present highway programs. Yet, under all programs advanced so far, States, cities, towns and counties will be asked to raise about 70 billions out of a 10-year total of 101 billions.

For taxpayers, there is the prospect of bigger State debts, higher gasoline and oil taxes, more toll roads and bridges.

What it means. When all decisions are made, assuming that a national highway program goes through, the situation probably will add up to all of these things:

- All auto and truck owners and operators will pay more for the privilege of using the highways.
- Just about everybody will pay a higher tax on his income—that is, higher than it would be otherwise.
- Property owners, too, may find their tax loads growing as local Governments try to raise their share of the costs.

What remains to be decided is which taxpayers have to shoulder the biggest new loads—users of all roads, users of particular roads, income earners, or property owners—and which ones get by with little or no boost in taxes.

› Taxes and deposits. Quarterly payments of corporate income taxes, in the week ended March 23, knocked nearly 1.6 billions off the demand deposits of banks that report weekly to the Federal Reserve Board. That was in spite of sizable increases in business loans and consumer loans. Loans to brokers and dealers for purchasing of carrying securities declined.

› New York highways. Voters of New York State, it's now assured, will get to decide this autumn for or against a 750-million-dollar bond issue for highway improvements. The issue, if approved in referendum, will be serviced at least in part by means of an extra 2 cents on New York's gasoline tax .

› Deducting future costs. Here's a note regarding those two tax rules which permit firms to postpone payment of taxes on "prepaid" income and allow them to deduct estimated future expenses more easily. The Senate Finance Com-

(Continued on page 119)

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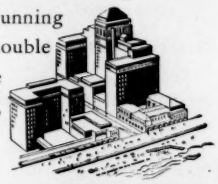

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. . . Senate group delays change in business tax

mittee now has put off action on the House-passed repealer until after the Easter recess of Congress. There's some indication that the move was taken to give the Committee time to figure out ways to tighten up the two rules, instead of killing them. But don't count on it. Repeal of the rules would be costly to many businessmen.

"Open Letter" on Anti-Fascist Views

In its "Preliminary Report on Neo-Fascist and Hate Groups" released Dec. 17, 1954, and published in "U. S. News & World Report" of Dec. 31, 1954, the House Committee on Un-American Activities made the following statement:

"A number of individuals notorious for their efforts to create a nationwide fascist organization in the United States in the 1930s are also propagandizing again through *Common Sense*. McGinley has printed articles and letters from Gen. George Van Horn Moseley (Ret.), Col. Eugene N. Sanctuary, and Charles B. Hudson. He has advertised for sale a new book by Robert Edward Edmondson. The Special Committee on Un-American Activities reported in 1940 that General Moseley was being seriously considered as a national leader of an attempted union of fascist and hate groups in the United States until the plans were exposed and Moseley was called as a witness before the Committee. The special Committee named Sanctuary, Hudson, and Edmondson as being among the individuals who took part in this unsuccessful attempt to create a united fascist movement."

Following is an extract from an "open letter," dated Jan. 8, 1955, from Charles B. Hudson, addressed to Representatives Velde and Walter of the House Committee on Un-American Activities, "U. S. News & World Report" and "interested persons":

"How 'big' the 'lie' is above can be realized from following facts: Col. Sanctuary, Edmondson and I (Hudson) never sought in any way to organize anything—let alone a 'united fascist movement.' We were in the 1930s, and still are, just as 'anti-fascist' as we are 'anti-Communist.' Note the Committee's admission there is no attempt today to unite 'present-day fascist and hate groups,' yet all this 'Report' is supposedly predicated on a theory that to attempt to do so would be a crime."

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MIT

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DECLARES ITS

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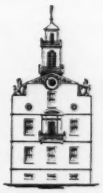
The Trustees have declared a quarterly dividend of 27 cents a share, payable April 26, 1955 to shareholders of record at the close of business March 31, 1955. This dividend is entirely paid out of net income received by the Trust on its investments.



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reports to its employees on a year of progress

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A few highlights from the current Annual Report to Employees (*Bethlehem Review*, March, 1955 issue) are summarized here. If you would like to receive a free copy please write to Publications Dept., Bethlehem Steel Company, Bethlehem, Pa.

Progress in Steel Capacity

During 1954 Bethlehem's annual steelmaking capacity rose to 19,100,000 tons . . . almost 50 per cent higher than at the end of World War II . . . Sparrows Point, largest steel plant on eastern seaboard, set all-time record, making 5,562,056 ingot tons in year.

—in Raw Materials

New iron ore mine at Marmora, Canada, near production . . . Erie Mining taconite plant in Minnesota taking shape . . . Development continuing on the new Grace Mine in Pennsylvania, and other raw material projects, in Chile, Venezuela and Brazil.

—in Shipbuilding

A year of below-normal shipbuilding, but Bethlehem delivered 23 ships and 86 non-propelled craft . . . repaired or converted 4021 vessels. . . . Ships built included tanker *World Glory*, largest cargo vessel ever built in Western Hemisphere.

—in Steel Construction

Steel fabricated for many sizable projects, such as New York Coliseum . . . Newark Bay Bridge. . . . Detroit Administration Building for Ford Motor Company. . . . International Airport, San Francisco.

—in Safety

33 Bethlehem steel plants, shipyards, fabricating works, mines and quarries received 49 awards from the National Safety Council. . . . Bethlehem, Johnstown, Sparrows Point and Lackawanna plants won first four places in safety among large steel plants . . . Honor award for Johnstown plant, whose 15,000 employees worked four months without a disabling injury.

—in Social Welfare

Improved social insurance benefits under Bethlehem Program, including $1,000 boost in each employee's life insurance. . . . Benefits also include payments for illness or accident, and hospital and surgical benefits.

. . . and foreshadowing More Progress to Come!

In his letter to employees contained in the report E. G. Grace, chairman of Bethlehem Steel, described the objectives of the company's recently announced new expansion program to cost $100,000,000. This, together with $93,000,000 authorized for completing new construction as of December 31, 1954, will bring Bethlehem's total outlay for expansion and modernization since the end of World War II to over $1,000,000,000.

"We believe that the country will continue to grow," Mr. Grace said, "and that the national output of goods and services will continue to grow also. It is our intention to keep pace with that growth."

BETHLEHEM STEEL

Trend of American Business®

24th and N Streets, N.W.
Washington, D.C.

Business improvement is going to continue for several months, at least.

High activity is guaranteed for the period just ahead by contract awards for heavy-construction projects and by the increase in new factory orders.

Factory orders rose more than normal in February.

Orders placed during that month amounted to 25.7 billion dollars, after seasonal adjustment. That was the largest volume since May, 1953, and, except for the 1953 month, the highest since March, 1951.

Increased orders are reported to the Commerce Department by almost all manufacturers. Producers of metal products had the most notable gains.

Manufacturers of "hard goods" booked 12.8 billion dollars' worth of orders in February, a gain over a year ago of about one third.

Producers of "soft goods," with 12.9 billions in new orders, showed a 200-million-dollar gain over January, a 500-million-dollar jump from a year ago.

The spurt in new business is increasing the backlog of factory orders.

Unfilled orders on manufacturers' books rose to 48.7 billions during the month, from 47.9 billions in January and 47.2 billions in December.

The two-month rise in the backlog has just about recovered the shrinkage that took place during the last six months of 1954.

The order backlog for the durable-goods industries--manufacturers of hard goods--reached 45.7 billions in February. That amounts to almost four months of production at current rates of output. This group includes steel, autos, furniture, household appliances, industrial machinery.

Factory inventories also rose slightly in February, making up for the dip that took place in January. Inventory value is put at 43.7 billions.

Inventory gain centered in the durable-goods section of industry.

Inventories now are 2.5 billions below a year ago, while shipments are running ahead of a year ago by around 1.5 billions.

Latest figures on inventories provide further evidence that the downward adjustment has been completed. Inventory reduction was a major cause of the decline in general business activity that took place last year.

You also have additional specific signs of business improvement.

Heavy-construction projects are reaching a larger volume. In the first 12 weeks of 1955, contracts total 4 billion dollars. That's 63 per cent higher than a year ago and 9 per cent above the previous high for the period, in 1953.

Demand for aluminum is running strong, so strong that exports this year are to be held at 1954 volume and Government has diverted 150 million pounds of the metal originally intended for the national stockpile.

(over)

Steel supplies are growing tighter. By summer, however, this squeeze is expected to be eased. Steel mills still have some unused capacity.

Paperboard mills set production records in each of the first three weeks of March. Output now is running 5 per cent above the booming 1953 period.

Paperboard output is considered to be an important business indicator. It's used chiefly for packaging. So big production is a sign that customers are planning on an increase in shipments.

Another important indication is in freight carloadings. They are expected to rise, too. Freight shipments in the Middle Atlantic States are expected to be nearly 8 per cent above last year during the April-June period.

Hiring plans of the nation's employers give further signs of improvement.

Moderate rise in employment is expected to mid-May through most of the nation. That is the report of the Labor Department.

Job openings are expected in all but 16 of 149 major industrial centers.

Auto and steel industries are expected to continue to set the pace in the number of hirings, although they will be more moderate than in recent months.

Textile industry is to keep about the same number of workers.

Oil refineries anticipate little change in employment.

Clothing and shoe industries may lay off workers, as usual, in May.

Additional jobs also are likely in construction and in retail trade.

In most areas where employment declines are expected, the official survey reports that drops of only 100 or 200 workers are anticipated. The normal dips in employment are indicated for winter-resort areas.

No overhaul of antitrust laws will result from the special study made by a committee appointed by Attorney General Brownell.

General conclusion is that the laws are effective enough as they stand.

Antitrust policy, as enforced by the present Administration, also gets approval from a majority of the committee members--all legal experts.

Major recommendation is for repeal of the so-called "fair trade" law that permits manufacturers to fix retail prices for their products in States where such price-fixing is allowed by law.

Price maintenance, a committee majority finds, runs contrary to the basic principles of free and untrammeled competition.

This proposal will be opposed by a number of retail merchants. But it already has the support of the Justice Department and Federal Trade Commission.

On labor unions, the committee suggests a law to give Government more power to proceed against unions that attempt "market control."

On farm co-operatives, a reappraisal of procedures is recommended in cases where such groups may be trying to monopolize or restrain trade.

On mergers, the committee finds that the Clayton Act, as amended, now gives Government sufficient power to act.

In general, the group approves a policy that will look into antitrust matters on a case-by-case basis, rather than laying down broad rules.

Justice Department is proceeding against mergers that have taken place recently in the shoe industry and the distilling industry.

SOUTHERN NATURAL GAS COMPANY REPORTS FOR 1954

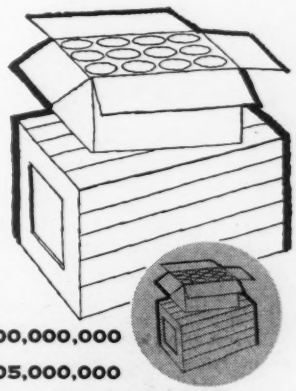
In 25 years much has been added....*in The INDUSTRIAL SOUTHEAST*

to the resources of industry in Mississippi, Alabama, Georgia, and South Carolina . . . and to the capacity of Southern Natural Gas, serving the industry of these states.

NUMBER OF INDUSTRIAL WAGE EARNERS IN THE SOUTHEAST

1955 . . 875,000

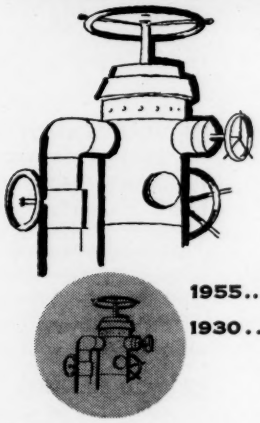
1930 375,000



VALUE OF THE SOUTHEAST'S MANUFACTURED PRODUCTS

1955 . . $11,000,000,000

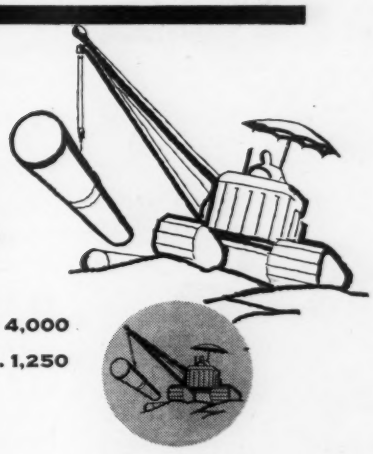
1930 . . . $1,405,000,000



GAS DELIVERY CAPACITY OF SOUTHERN NATURAL GAS COMPANY (IN CUBIC FEET PER DAY)

1955 . . . 925,000,000

1930 . . . 109,000,000



MILES OF PIPELINE OWNED BY SOUTHERN NATURAL GAS COMPANY

1955 . . . 4,000

1930 1,250

AT SOUTHERN NATURAL GAS COMPANY Since 1930, when our predecessor company began operations, we have grown steadily with the expanding Industrial Southeast.

AND SINCE LAST YEAR . . .

	Sales of Gas (in cubic feet)	Revenues	Net Income	Income Per Share*	Dividends Paid	Dividends Per Share*
1954	245 billion	$59,110,525	$6,497,643	$1.89	$5,321,472	$1.55
1953	217 billion	$48,329,135	$7,036,615	$2.06	$4,790,707	$1.40

* Number of shares outstanding: 1954 3,445,004 1953 3,422,102

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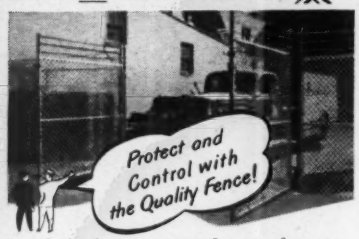

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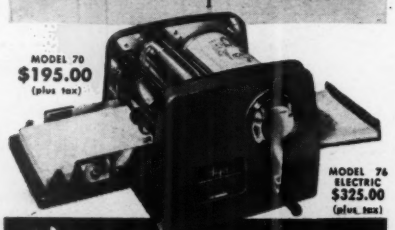

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NEWS-LINES

WHAT YOU AS A BUSINESSMAN ☑ CAN and ☒ CANNOT DO

as a result of recent court and administrative decisions

☑ **YOU CAN** perhaps wait till next November 15 to file with the Internal Revenue Service the return for your ***employes' trust.*** This extension of filing time is announced by IRS for trusts having annual accounting periods beginning after Dec. 31, 1953, and ending on or before May 31, 1955.

* * *

☑ **YOU CAN,** as a ***construction contractor*** for the Government, withhold contributions to the Red Cross and Community Chest from the wages of an employe—at his request—without getting approval of the Secretary of Labor. In this ruling under the Federal "Antikickback" Act, the Secretary also permits withholding of union initiation fees and dues where this is called for under a collective-bargaining contract.

* * *

☑ **YOU CAN** avoid paying a ***transportation tax*** on amounts that you pay for the hauling of construction materials to a State project if the materials are consigned to a State agency at its direction. IRS permits this.

* * *

☑ **YOU CAN** count on the federal courts to refuse to hear a ***union's suit*** to collect wages due its members under a collective bargaining contract. The Supreme Court holds that federal courts do not have jurisdiction under the Taft-Hartley law for such a suit by a union.

* * *

☒ **YOU CANNOT** hope to get a State court to enjoin ***picketing*** that violates the Taft-Hartley Act even though a State antitrust law also is violated. This finding of the U. S. Supreme Court overrides a State supreme court.

* * *

☒ **YOU CANNOT** count on the Government to consider your ***competitive bid*** for a contract if the bid has only a typewritten signature. The Comptroller General holds that bids so signed cannot be considered by federal agencies without proof that the bidder has authorized or adopted such a signature.

* * *

☒ **YOU CANNOT** always expect to be given special consideration under the ***"Buy American" Act*** in sales to bases overseas. The Comptroller General rules that this law does not apply where the armed forces purchase supplies for construction work at a military base leased to the U. S. by a foreign country.

* * *

☒ **YOU CANNOT** export ***aluminum scrap*** in unlimited quantity. The Bureau of Foreign Commerce puts restrictions on exports of new and old aluminum scrap by placing it under export quotas. The quota set for the second quarter of 1955 is 9,000 tons.

* * *

☒ **YOU CANNOT** expect to be allowed an income tax deduction for ***traveling expenses*** as an uncompensated officer of a civic organization, if contributions to the organization are not deductible as charitable contributions. The Internal Revenue Service rules that such expenses are not deductible as charitable contributions.

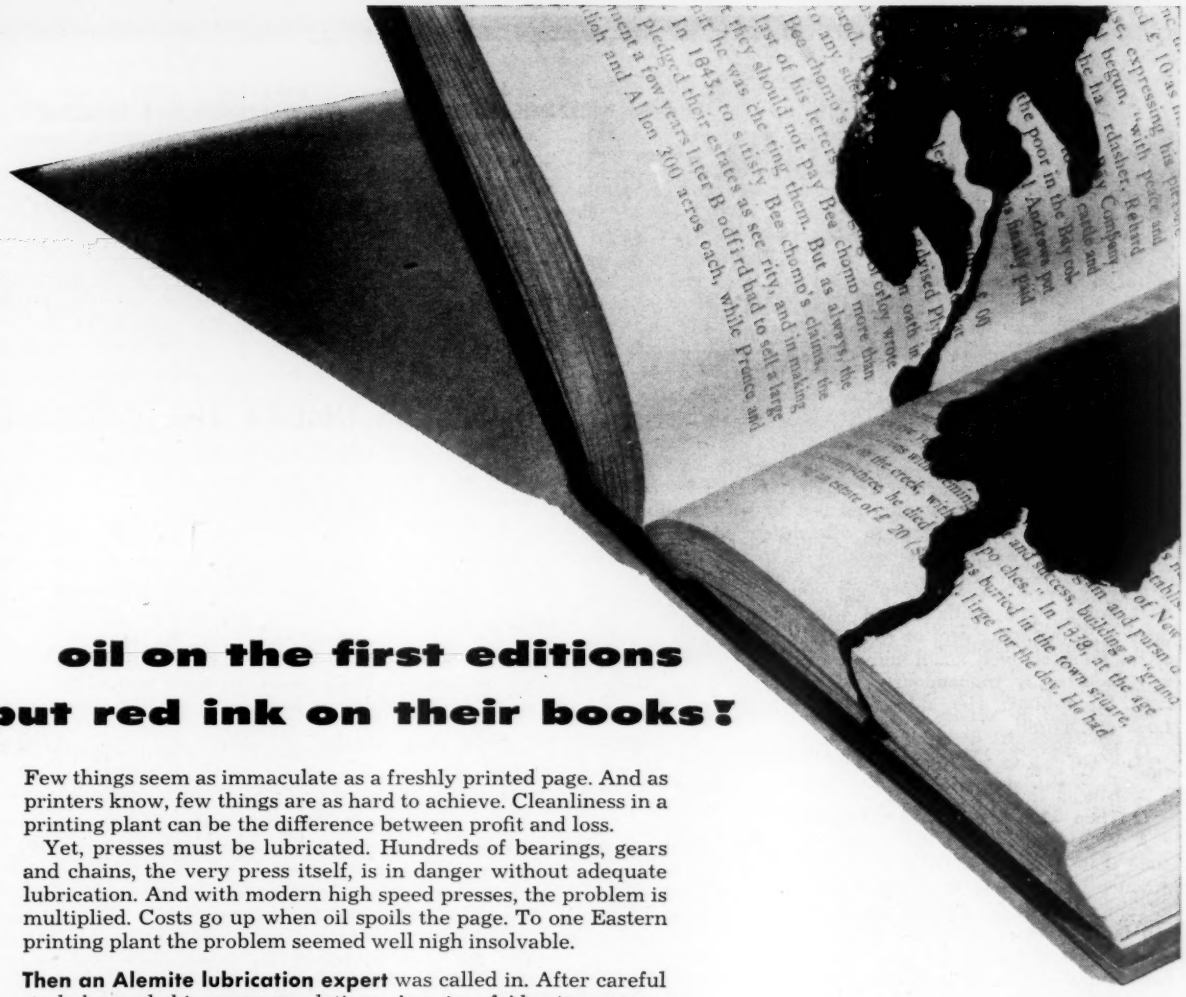
* * *

☒ **YOU CANNOT** avoid paying an income tax on penalties that you collect in a federal ***antitrust suit.*** The Supreme Court finds that payments of this kind constitute taxable income. Involved in this case were moneys received as the penalty part of a recovery under the Clayton Act.

* * *

☒ **YOU CANNOT** set off the amount paid an employe as vacation wage against ***overtime pay*** found to be due under the Federal Wage-Hour law, according to the ruling of a State supreme court.

Conclusions expressed in these paragraphs are based upon decisions and rulings of courts and Government Bureaus. In making their decisions, courts and bureaus consider many facts which, for reasons of space, cannot be set forth in detail. U. S. NEWS & WORLD REPORT, *on written request, will refer interested readers to sources of this basic material.*



oil on the first editions put red ink on their books!

Few things seem as immaculate as a freshly printed page. And as printers know, few things are as hard to achieve. Cleanliness in a printing plant can be the difference between profit and loss.

Yet, presses must be lubricated. Hundreds of bearings, gears and chains, the very press itself, is in danger without adequate lubrication. And with modern high speed presses, the problem is multiplied. Costs go up when oil spoils the page. To one Eastern printing plant the problem seemed well nigh insolvable.

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IF H-BOMB COMES—

Interview with Val Peterson, head of Civil Defense Administration

[continued from page 78]

destroyed all the industry in the United States, but you've knocked out a considerable percentage of it.

Assume an attack and then get your calculator out and start doing some mathematical work. You may find you destroy 50 or 60 per cent of American industry with a single attack on a relatively small number of cities, because American industry is tremendously concentrated. Take Cleveland, for instance. Her industry is terrifically concentrated. Look at Detroit!

Q By "destroy" you don't mean completely cripple it, do you?

A I mean smash it.

Q Then what becomes of the nation?

A Well, you haven't destroyed the nation when you've done that. You've destroyed much of the nation's ability to produce immediately. You either have to have these things in your stockpile the day the war starts or have these American facilities of production that are sensitive to war underground and scattered out over the United States. And we have shown very little seriousness about that aspect of preparation for a future war in this country up to this moment.

Q Has anybody else done anything about it?

A Oh, yes! The Scandinavian people are going underground. In Sweden and Norway I have seen entire production plants under the ground, destroyers under rock. I have seen jet fighters and bombers that are parked in the rock. The airmen who fly them live in the rock, and the control centers are there, too. They wheel the planes up to the edge of the cavern and they're on the runway and off they go. I was in the great Bofors factory, which utilizes the two principles of civil defense. It is dispersed over 25 miles on the top and the sensitive parts are down deep in the rock in the earth. I was in the great SKF ball-bearing factory in Goteborg, Sweden, which does the same thing.

Parts of the great AFGA maritime company, which is one of the great maritime suppliers of the world, are under the rock.

Q Well, if they are all going underground, do you expect we are going to do that here?

A No. Stockholm—which has six big public bomb shelters, one on two levels which will take 20,000 people, a shelter 50 feet under the surface of the earth with sanitary facilities and all living facilities, air-conditioners, gas blowers and everything—is only 12 minutes' bomber time from the nearest Russian air base. You simply can't evacuate there. You have to crawl under.

In Stockholm you can't build today without shelters. If you build an apartment house, you must build heavy shelters in the basements of those apartment houses when you're out a certain distance from the downtown center. There are six public shelters being built in Stockholm now.

In Goteborg I saw a bomb shelter 120 feet under the surface of the granite. However, that is still no protection against a direct bomb burst or strike. If you are at the exact center of the detonation of one of these thermonuclear devices, and assuming it's exploded into the ground or close to the ground, it would probably crater that rock a couple of hundred feet down just as readily as it would crater the dirt.

BUSINESS UNDER THE GROUND—

Q Assuming there's merit to this going-underground business, what plans have been made so far to do any business underground in the United States?

A Nothing has been done in the United States in this field at all.

Q Isn't that a serious neglect?

A It is a serious neglect. The Office of Defense Mobilization, under the direction of Arthur Flemming, is permitted by law to extend certain tax benefits, tax write-offs, to defense industries that comply with standards that have been set up by his agency. Those standards have had to be increased, raised, as these larger weapons have been developed.

There has been a considerable amount of money spent and a considerable amount of industrial building has complied with his requirements and have qualified for tax write-offs, but in the total picture it's rather slight.

The reason for it is, I think, rather simple: The American people have simply not accepted yet the possibility of an enemy attack on the United States from the skies by intercontinental bombers carrying these tremendous nuclear weapons. It is something that still appears to them as fantastic.

Gradually, however, I think this acceptance is growing. But the sheer terror of an atomic war, the tremendous devastating characteristics of an atomic war are so great that it is difficult for the human mind to absorb this thing. It requires a period of seeping in. Mankind never does adjust rapidly to any great, fundamental change. It takes a considerable period of time to understand these things and to accommodate ourselves to them.

It has been true in the United States that not only the people but much of officialdom has not fully understood the implications of the atomic age.

Some of our atomic scientists have been leaders in this field of appreciation. And the President of the United States understands it, which is, of course, the reason why he exercises such tremendous patience and forbearance in his relationship with the other nations of the world and why he makes such prodigious attempts to maintain peace in the world.

Q Wouldn't you say, though, that possibly if you tell the people as you are telling them now, they will gradually become so scared that perhaps they'll think the best thing to do is to accept Communism? They would thus survive—

A I don't think that follows. It is true, of course, that we can have a peace any time that we want to surrender. But the price is way too high.

Q Won't lots of people think the price of devastation and destruction, as you paint it, too high? Lots of people believe in peace at any price, anyhow—

A I just can't accept that. I personally don't believe in peace at any price.

. . . "I don't believe Americans scare easily"

Q Well, is it a fact or isn't it that the devastation will be so hopeless?

A First, on this business of Communism, I just can't accept that, because I believe that, if Americans have a choice between fighting and peace by acceptance of Communism, which would strike me certainly as being a dishonorable peace, I think Americans will fight, regardless of the horror of the war in which they would have to participate.

Now, on the horror itself, I go back to what I pointed out a while ago, that while this brings tremendous devastation and suffering to the people of these great cities, it will not destroy America. Ninety-seven per cent of America would still be standing, and that 97 per cent of America contains a tremendous number of fine cities in size and a considerable percentage of the productive facilities of America.

Q How about the people?

A And a large number of the people. And I think America still would have the will to fight on. I cannot accept the fatalistic approach, neither can I accept these suggestions—

Q The other fellow might blow up, too. Maybe he will turn to take our way of life. We don't let him see our way enough, do we?

A Personally I feel this way: America must be as strong as it can be militarily. I believe in the strongest possible striking air power. I want to see our military have everything that is necessary to keep our country just as strong as possible. However, I know of no responsible person in the military or in the Government who believes that the military will be able to stop the Russians from making a reasonably successful attack upon the United States.

In other words, no matter how good our defenses are, a certain number of these airplanes will get through, and if they are willing to expend enough planes and enough bombs, they will get enough through to bring in large measure the devastation that they desire to bring upon this country.

Q There are people who theorize that we will be able to detect those planes the moment they leave the ground. Are there some inventive possibilities in that direction?

A I would certainly like to be able to believe that. I know of nothing at the moment.

KNOWLEDGE VS. FRIGHT—

Q Doesn't it seem that in this country we are putting so much stress on frightening the people that we are tending to break them down and give them a hopeless feeling about it, whereas the Russians are keeping much of the knowledge away from the people and they are perhaps just not worried about the subject. Doesn't that give them an advantage?

A Well, I don't think you are stating it correctly. As a matter of fact, the Russians have been talking about the horror of the atomic bomb. It seems to me I've seen stories that have been appearing about this. In recent months they've changed their tune a little bit about this.

Q Don't you think we could give a more positive side to what we are telling our people—what we can do to the other fellow, rather than just what he can do to us?

A I believe we are doing that. I don't believe Americans scare easily.

Q But we are certainly writing about how horrible it all is, and perhaps the hopelessness of it is undermining our own will. If the Russians were running a strategy of psychological warfare, they couldn't have a better device than all these stories we have about how we're going to be destroyed—

A Are you suggesting the alternative—that we don't tell the American people the facts?

Q No, but can't we tell them more about what we can do to the other fellow?

A Well, we are trying to do that all the time. Our voice isn't always heard as we might desire, but we always try to point out the positive side of this.

DANGER IN RADIOACTIVITY—

Q People are now being frightened by what they call a radioactive "fall-out." Is that such a terrible danger?

A Radioactivity, of course, poses a tremendous problem. A man would be foolish who attempted to minimize it. Now, we've always known of radioactivity, of course. Everybody in the world has known that if you detonate an atomic weapon, you get radioactivity.

Q You do if you just take an X ray—

A That's right. There's a certain amount of it in the air all the time cosmically.

But we've underestimated radioactivity in Civil Defense, and all through the country, as a matter of fact. Everybody did. And why did we do it in Civil Defense? We did it for the reason that we had thought that to get the maximum amount of blast effect—there are only three effects in an atomic explosion: blast, which is simply putting pressure per square inch on a building; thermal effect, and radioactive effect—an enemy would have to explode a weapon reasonably high in the air, possibly 2,000 feet or more.

Well, along come these megaton [equivalent to thousands of tons of TNT] weapons, and they are so devastating in character that you can detonate them into the ground or close to the ground, get all of the blast effect you could possibly want, get all of the heat effect you could possibly want, and, in addition, throw these millions of tons of dirt and debris of all kinds up into the air 80,000 or more feet.

Actually, it's higher than that. And, of course, when this stuff goes up, it has to come down. The heavy particles fall out rapidly. All of this stuff is highly radioactive. The dust, however, would start drifting across the countryside. How far and how fast? It will start drifting in whatever direction the prevailing winds are—the winds at 10,000 to 60,000 feet—and it will drift at whatever speed those winds are moving. The significance is that where many people had formerly thought civil defense was primarily the problem of the people who live in these big cities—and it was really something kind of secondary as far as they were concerned, living in a small city or out on a farm or a ranch—now anybody in America sees that he can be under the radiological effects of an atomic attack.

I know of no way to illustrate it better than this: It would have appeared to me previously that the people of South Dakota would have been free from an atomic attack. True, I would expect the enemy to bomb the Hill City air base, which is outside Rapid City and which is one of the big ones in this country. That would seem to be a cinch to attack. But if you attacked it with one or two atomic bombs fired in the air, there wouldn't be much radioactivity involved.

(Continued on next page)

. . . "I'd suggest that people get busy and build shelters"

But now it would appear that an enemy coming in here and striking that air base would probably drop a big bomb on it because it's a big field, a tremendous installation, and farmers and ranchers in isolated places in South Dakota would find themselves subject to radiological "fall-out."

And so it may become true practically everywhere all over the United States.

There's some dispute in this field, some differences of opinion on the part of our scientists with respect to how rapidly the stuff decays and what its persistence is. I'm not an atomic scientist, but I hear these things discussed in the field.

At any rate, it appears that this "fall-out" material would decay largely in a matter of hours or days. So that, if you were down in your shelter, you could come out in a matter of hours or days and be removed from that area or start decontamination procedures around your house to stay there, if that were your desire and your radiological monitoring instrument indicated it was safe to stay there.

WHERE YOU ARE SAFEST—

I've been saying to the American people since last September that the best protection that I know of against radiological "fall-out" is to take shelter in an old-fashioned Kansas or Nebraska storm cellar or cyclone cave or a root cave, which was a type of cave that was built all over America, from Massachusetts and Connecticut to Texas and California.

Q How about an ordinary basement?

A An ordinary basement is good protection. We believe that to be on the first floor of a frame house will cut radioactivity 50 per cent. That may not be enough, because the dosage may be too high outdoors. But, nevertheless, it's a tremendous cut. If you go into a basement, you can cut radioactivity by a factor of 10, or 90 per cent. If you go into a shelter outdoors, with three feet of dirt over your head, and with some kind of filtering device in the air intakes, which could be anything like gauze or charcoal or anything to filter out the dust, you will have absolute protection against it.

When you come out of that shelter—and, of course, you shouldn't come out of the shelter unless you have some type of instrument to indicate how hot it is or until radiological monitors come to you and tell you how hot it is—when you come out there are many things that you can do to decontaminate your home or the area. If you still have water pressure, you can wash the stuff off your house.

The trouble is that if you are on the edge of a city that has been hit, you may not have any water pressure. If you want to walk from your shelter to your house or your barn, then the thing to do is to take any kind of shovel and shovel off the top quarter inch or half inch of this material and it would be safe to walk on the dirt below it.

Q Could you use a broom?

A Yes, but that would be rather dangerous because you would throw so much of it up in the air that you would inhale the stuff. Of course, you could protect yourself with any kind of cloth over your nostrils. If you are caught outside and think that you've been in "fall-out," the thing to do is to get under shelter as quickly as you can and take a bath and wash this stuff off your skin and discard your clothing.

There are many, many things you can do to live with this. Now, I want to say this: Some people in this country want the Government to do everything for them. Here's one area where a man can go ahead and do something for himself without waiting for the Government, without respect to the Government. Any man who lives 15 or more miles from an assumed target area can protect his life immediately, even if he's in this Washington area or any other great city area—if he's 15 miles or more away from the target point. All in the world he has to do is to build an outdoor shelter of the kind I talked about, and he has protection for his wife and family practically as good as it would be anywhere in the world.

Q Despite the "fall-out"?

A Despite the "fall-out." Because that "fall-out" may occur most anywhere in this kind of world we're living in today. We don't know where these bombs are going to be dropped and we don't know accurately enough at this moment just how the wind is going to blow. So, the thing I'd like to suggest is that, instead of folding their hands, people get busy and build shelters.

Now, the fellow who has to have help from the Government and is entitled to it and must have it is the fellow who lives in the congested area, and will be expected to march out of that city. We must furnish protection for that fellow.

Q You spoke of 92 cities that could be targets. Are they mostly in the North or South or Southwest, or where?

A They are all over the United States. If you just take a map of the United States, it's not hard to pick the cities.

Q What about cities in Texas?

A You'd certainly have the Houston-Galveston area and, probably, the Fort Worth-Dallas area.

Q Well, if your radar net is way up in Canada, wouldn't you expect those areas to have even more warning?

A Probably.

Q They'd have anywhere up to 10, 12, 15 hours' warning, wouldn't they?

A I don't know that they would have that much. It's just simply a mathematical matter.

Q You'll know as soon as they cross the Canadian boundary—

A The enemy might come in from the west. What I really think will happen is that by the time we get this detection system finished, which is probably two years off, the maximum time any city could hope to have would be six hours, and that will probably be Oklahoma City and Little Rock, and those places down there.

RUSSIA'S DEFENSE SECRECY—

Q Do we have any information as to whether or what Russia is doing in the way of civil-defense work?

A No. When I was on the edges of Russia—and I've been behind the Iron Curtain in East Germany—when I was in that area, I tried to find out more about what they're doing in civil defense—

Q Did you ever ask them?

A No, I never asked the Russians.

Q If we are willing to exchange atomic information, why not exchange civil-defense information?

A Well, I'd be very glad to exchange civil-defense information with them at any time. I'd be willing to accept an invitation from them if our Government thought advisable.

. . . "Another thing we could do—build miles of trenches"

Q Do we know who their civil-defense director is?

A I don't know. We've never been able to learn very much about civil defense in Russia, any more than we have about most of their other activities.

"FALL-OUT" VS. LIVESTOCK—

Q Do you know what the effect of "fall-out" will be on livestock and crops in storage?

A Yes. The effects of radioactivity will kill and injure animals just as it will human beings.

Q Have the animals around New Mexico been affected by the tests?

A There have been some that have been affected, but there the "fall-out" effect has been very light.

Q What about those Japanese that were in a fishing boat near Eniwetok, lived for a week, ate and slept in radioactive material, had it all over them, and still only one of them died and he died of a liver complaint?

A I don't know how heavy a dose they had, but experiments going on right now in the Nevada area are being made to determine the transference of radioactivity from the soil to plants and animals. This whole field is now being studied.

Q What about the genetic field? What's happening there?

A I think there've been some exaggerated statements, but it's certainly something that needs to be watched.

I would say that in this field of the transference of radioactivity from the soil to animals to humans and in the field of genetics, we still don't know as much about it as we need to know to generalize.

However, we do know this—you've raised a very important and serious problem.

We can't afford to lose the tremendous number of cattle we have in this country and all the foodstuffs that these animals eat. However, we're told that, if an animal is affected by radioactivity, you can kill that animal and still eat the meat without any bad effects on the human being. The animal's bones will collect this radioactive material, as will the liver, and that sort of thing.

Q Do you think he will be better fertilizer then?

A Oh, I'd be doubtful of that. But I'm inclined to believe that the small farmer who usually has only about 40 or 50 head of cattle and a similar number of hogs probably could devise ways of protecting them on his farm. In other words, he could drive them into a ravine, scoop out a shelter in a hill or a bank where these cattle could be moved in.

But for the big rancher it raises a totally different problem. I notice where someone, an Army veterinarian on loan to the Atomic Energy Commission, was quoted in the daily press the other day out of St. Louis as saying that baled hay would make an ideal protection against the effects of radioactivity.

Q Everything you say indicates that it is going to take a whale of a lot of money to take care of these things, particularly if something has to be done about dispersal or digging underground. Where's all the money coming from?

A Well, first, the matter of dispersing industry is not my immediate responsibility. That's Dr. Arthur Flemming's. I am very much interested in it, of course, and work closely with Dr. Flemming. I have not been able to convince myself that a shelter program for the American populace—now, I'm talking about deep shelters within target areas—is feasible. In other words, that's unacceptable to me.

I am interested in these broad areas of civil defense. First, the completion of the detection system which will give us warning, and that's under way now as rapidly as can possibly be, to the best of my knowledge.

Secondly, I'm interested in evacuation as the only means of saving the lives of millions of Americans, and we are moving along rapidly in that field.

Q Is that going to cost a lot of money?

A No, that will not cost tremendous sums of money.

Q Does the highway program fit into this?

A Yes, and I'd like to talk about that a little bit, too. Now, after evacuation, we have to take care of these people, feed and shelter them, and that has tremendous problems, because, assuming that the cities are destroyed, there comes the problem of semipermanent relocation of these people. The only answer to that which I see is the absorption of these people by relatives and friends over the United States in so far as possible.

You've got to take the simplest approach to these things. There's no sense looking for a complex one, because that takes untold billions of dollars. That type of thinking is spectacular and easy, but it's not very convincing, and not too satisfactory in the long run.

LIGHT SHELTER NEEDED—

The next thing we must do, having these people out in the country, we must provide light protective cover for them. Large numbers can be placed in basements in existing structures in rural areas and villages and cities outside the attacked cities. I like to make a distinction between deep shelters that we talked about earlier and light protective shelter that would just keep the effects of radioactivity off you.

Some people have proposed that we should go out along the highways and build miles of shelters, a light concrete shell with three feet of dirt over it. Well, that's all right. But that's a tremendously expensive procedure.

I'm looking for the most efficient, the most economical, the most effective system I can find. We have been giving thought to going out along the highways and putting in miles of concrete pipe of a type that's used in this country, a reinforced-concrete pipe, some four feet in diameter, and putting in miles of these along the roads where they'd be out of the ditches, obviously, because this might happen in wet weather, and cover those pipes with three feet of dirt, and just put the people in them if they are caught along the highways and let them stay there until such time as they can come out.

Now, don't tell me that's uncomfortable. The whole atomic age is uncomfortable—at least all the aspect of atomic war are uncomfortable. We're talking now about saving lives.

Another thing that we could do that would be feasible would be to go out and build miles of trenches along the roads—plain, ordinary dirt trenches, five or six feet deep—and in event of war have people go into those trenches, and immediately you have cut off about 90 per cent of the effect of radioactivity, because you've eliminated it underneath them, you've eliminated it all around them, and the only effect they would get would be from over their heads. If you had time, you could put boards across it and scoop dirt over it.

But, assuming you wouldn't have that kind of time, you

(Continued on next page)

. . . "People will lose business revenue during evacuations"

could spread rolls of tar paper over it, and persons down in the trench could, every few minutes, give that paper a flip and flip the stuff off. You could live through those circumstances. It's not ideal, of course, but—

Q Your basic work is what you might call "orderly evacuation," isn't it?

A I think so.

Q Or do you prefer to call it "planned evacuation"?

A Either one.

EVACUATION TESTS FOR ALL—

Q Evacuation sounds like a panicky exit, though, doesn't it?

A It will be panicky unless we carefully explain to the people what we're doing, unless we educate them in the true sense of the word, unless we repeat these instructions over and over again, and make tests. And, by the way, every American city, in my judgment, will have to be evacuated on a test basis. [A mock H-bomb attack on the U. S., involving 51 cities in civil-defense exercises, has been scheduled for June 15.] We'll have to move out of these cities, we'll have to practice these things. Because if we don't practice them and wait for the day that the bombers are over us, we'll kill millions of people unnecessarily.

Q What time of day would you use for the test—night or day?

A I would use both. I would try it in the daytime maybe the first time—take the easiest step first—and then try it at night the next time.

Q Is any city right now prepared to evacuate?

A Milwaukee is the closest, and Mayor Zeidler is very knowledgeable in this field and has told me that some day he intends to evacuate Milwaukee.

Q But there are no orders ready right now—

A No, no. But the plans are made in his town, and they are getting organized.

Q How many cities could you evacuate at one time?

A I see no reason why you couldn't evacuate them all. I would not propose that we evacuate all of them at one time on a test basis. I'd sooner do that at different times, because just evacuating them all on a test basis would be a great economic dislocation. These evacuations are going to cost money, in the sense that people are going to lose business revenue during the time of evacuation.

But I'm telling you, gentlemen, that in this age of possible nuclear warfare you've got to put the cash-register consideration to one side—and I'm a great believer in the cash register.

Q Is there any authority to order people?

A There is in some States. Not very many. New York has that authority right now, I believe, under the law that was passed up there. But, if people are going to hold back and require laws and orders to do this sort of thing, then the situation becomes much more difficult.

Q You can go around and just label each one of them "dead"—those who stay behind—couldn't you?

A That's right—absolutely!

Q Is there any temporary stopgap plan drawn up for certain cities in case you got an immediate warning? Is there any plan drawn up where you could tell the people of Washington in which direction to go?

A Well, I'm glad you asked that because we didn't finish a while ago on the things we could do. Now, if you had them out of the city, then, of course, you have the mass-accommodation programs we've talked about. But "fall-out" requires three things that we must step up in America right now—and we are in the process and have been in the process—and those three things are:

We have to sharpen up our radiological-monitoring procedures and plans; we have to go in for a great program of instrumentation, and it's highly expensive; and we must get married to the weatherman and know more about how to forecast weather, because we would not want to evacuate the people of any city downwind into a "fall-out" pattern. We would want to evacuate them into the other areas of the circle.

And that raises a very important distinction between west of the Mississippi and east of the Mississippi. That isn't the exact line but it will do for purposes of illustration. West of the Mississippi, cities will probably not have to worry about overlapping "fall-out," but, in Northeastern United States, cities will have to worry about being in several "fall-out" patterns, more or less simultaneously.

In other words, if you were to bomb Washington and Baltimore at about the same time, all of the people between Baltimore and New York, assuming the wind was blowing in that northeasterly direction, would be subject to some overlap of "fall-out" from Washington and Baltimore—both, you see.

So, the problem in the northeastern part of the United States becomes extremely difficult from the standpoint of radioactivity. There are some places in the United States that seem to be so fortunately located that they might not ever get very much "fall-out," if any.

Q Where is that?

A I would say that this would be in some parts of Florida—there's no guarantee in this, now—some parts of Utah, maybe some parts of Idaho, maybe some parts of Montana, maybe some parts of Arizona. All in the world you have to do is just take a map and draw a fall-out pattern, draw elliptical shapes out over a couple hundred miles, plus or minus, 40 miles wide, and swing it around and see.

Q You will have to be prepared, then, to evacuate people in four directions from any city, won't you?

A We must be prepared to take advantage of every way out of a city that we possibly can.

CITIES AREN'T READY—

Q Is there any town in the country that's ready to evacuate?

A I think not. Oh, there are probably a few cities in America that are about ready to evacuate, but one reason they are not entirely ready is that it has not been thought up to now that we have had the warning time required to evacuate.

Now, that raises a point. There are some people in the military, competent men, who feel that we have several hours of warning time right now. They feel that the Russians could not make an attack on the United States of real consequence, of real significance—any attack would be of some consequence—without our having several hours' warning time—right now—even before the network is completed. The reason they argue that involves many considerations.

One consideration would be this: If you take a map of the world, you will find that there are American and Allied air bases ringing Russia, and for the Russians to attack the United States poses some difficult problems. If they concen-

trate upon attacking a certain number of American communities and American military installations, and do not strike our overseas bases, obviously the bombers we have on the overseas bases will move in on their homeland. If they strike those bases before they strike us, they trigger off our Strategic Air Force. Their problem is to effect a co-ordination that permits them a maximum destruction in the United States and on our overseas bases more or less simultaneously. Now, that is a terrific problem.

Q If the detection system reported the Russian planes had left Moscow, are we to wait until they destroy us with a bomb before we hit them? Maybe the American people would rise up and say "Nay!" if they knew the facts—

A I think the current President of the United States can be depended upon to take the action that is appropriate and necessary under any given set of circumstances.

Q Is he doing anything to encourage the people to do these things that you have outlined?

A The President has talked briefly about these things in every one of his state-of-the-union messages and in his budget messages and on other occasions, but he has never made a full-scale speech on the subject. Obviously, I would welcome that, but I am also sensitive of the tremendous requirements that are placed on the President.

THE PEOPLE MUST KNOW—

Q Are you afraid that it might frighten people?

A No, I do not join you in that. I think that in a democracy, where the people's lives are concerned, we must rely on the people to take the proper action when given the information that's necessary. I don't think you can take any other attitude in a democracy.

Q What do you expect to learn, in civil-defense areas, from this new series of tests we're having out in Nevada? Aren't part of these being given over to civil defense?

A Yes. That shot is being conducted by the Atomic Energy Commission and the Civil Defense Administration jointly, but it's primarily for civil-defense purposes. We have spent large sums of money in the United States to experiment on the effects of nuclear explosions on instruments of war—on aircraft, on fighting vessels, on troops, on various instruments and paraphernalia of warfare.

We have spent very little for research upon similar effects upon the houses and the paraphernalia that Mr. & Mrs. America use in their everyday living.

In 1953 we did spend about $60,000 or $70,000 in the Federal Civil Defense Administration, and industry donated a considerable amount of material that we tested. But it was a very sketchy test, on shelters, on houses, automobiles, and things of that nature.

This time we are spending about $700,000 at Nevada through our agency to test any number of things—houses and shelters again, but all kinds of other subjects, including food and water and utilities.

Q Are you going to have animals in there, too?

A We are not.

Now, interestingly, this time American industry is donating to us $110,000 in cash to help finance these tests and approximately a million dollars in materials. We have an incongruous situation here in that we have spent tremendous sums of money to do research work with respect to military things, but only a trifling sum of money with respect to research involving the protection of the American civilian. I make no criticism of what we have spent in the military. I am in favor of that—of whatever is necessary. But we need to step up this other phase of it. This whole subject is extremely complicated.

I want to get off on one point here and that's this business of roads. I don't know of any community, or State, in America that has highways that are adequate to peacetime living, let alone the requirements that evacuation of our cities would place upon those roads.

Here are one or two other things that I might say quickly: We envision that if an attack comes on the United States not only would bombs come out of the skies but also from submarines lying out at sea.

ENEMY WILL USE GERMS—

Q Won't the sonar—underwater detection device—come in there?

A Yes. We also anticipate that the enemy would introduce plant and animal diseases, bacteriological warfare, psychological warfare, instruments covertly introduced into the country, sabotage. This problem, you see, is much broader than just simply this business of atomic weapons. As a matter of fact, the atomic weapon is a rude, crude device and really not a sensible thing to use from an enemy's standpoint, because you destroy the wealth of the country at the same time you destroy the population.

Another thing—and this is highly important—civil defense, in my judgment, will never work in the United States until and unless, on every level of Government, every agency in the Federal Government, American industrialists and private citizens, in the performance of their normal, routine functions, project those functions to encompass the possibility of an atomic war and do the things that would be necessary and sensible in their line of activity in the event of such an attack.

I have suggested this. The President has supported this viewpoint, and the executive branch of the Government is moving in that direction. In addition to that, under the law under which I operate, I am permitted to make delegations to other elements of the Government.

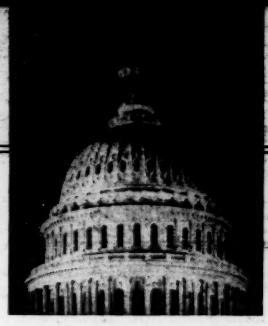
I have so far made 26 such delegations specifically to six departments of the Government, including one to the Department of Health, Education and Welfare, making Secretary Hobby in that Department responsible for meeting the radiological and other health problems that would be coincident with an attack upon this country.

If we did not make this approach, then in Civil Defense we would have to set up duplicates of all these things in the Government and we'd build a tremendous empire, which I am not interested in and which the Administration is not interested in. We want to utilize what there is in Government.

We have made delegations to the Department of Agriculture, for it would appear that, in event of war, Russia would introduce plant and animal diseases because this country is very susceptible to them, having done a good job of stamping them out and keeping them out.

Now, in my judgment, nobody could handle that problem as well as the Bureau of Animal Industry, which is constantly working in this field. And so on all through the Government.

There are many other aspects of this thing. We naturally can't cover the whole field now.



HINDSIGHT?

BY DAVID LAWRENCE

From an editorial written within two weeks after the Yalta Conference and published in this magazine in the issue of March 2, 1945:

Let us examine the record before Yalta and see how the game of power politics works. The story goes back to Teheran. Here is the realistic chronology as it can be deduced from the files of the *New York Times:*

December 1943—Mr. Churchill at the Teheran Conference of the "Big Three" raises the question of the future of Poland. Stalin demands the Curzon Line. Mr. Roosevelt is so informed. The world is told afterwards no agreements, secret pledges or partition of territory were consummated.

October 1944—Churchill and Eden go to Moscow and Stalin demands that the Polish question be settled before the peace conference is held. The American Ambassador is present at nearly all the talks.

Dec. 15, 1944—Churchill tells the House of Commons he has decided to make an exception and not wait until the peace conference to settle the Polish question, and he reveals publicly that he has agreed with Stalin. He warns the Polish Government-in-exile to accept now or the price will be higher later on. Mr. Stalin must be appeased, he says in effect, and he betrays irritation that Mr. Roosevelt has not come through with his end of the appeasement.

Dec. 16, 1944—President William Green of the American Federation of Labor says he hopes America will say "No" to Churchill's plan to redraw Poland.

Dec. 17, 1944—A *New York Times* dispatch from London says that Churchill made a secret deal at Teheran and Roosevelt was "neutral," and adds:

> "It is quite clear now that, in Teheran (December 1943), Mr. Churchill and Premier Stalin divided Europe into spheres of British and Russian influence . . . Stalin would not agree to coordinate the Red Army's operations with those of his western allies until he had definite assurance that Britain would support Russia's claim to Polish territory as far west as the Curzon Line."

Dec. 17, 1944—The *Army and Navy Journal* in Washington calls for an offensive through Poland by Russia, and *Pravda* denounces this publication as "a source for pro-Hitlerite propaganda," but many military men in Washington agree that Russia is stalling in order to force the hand of Churchill and Roosevelt.

Dec. 18, 1944—The State Department issues a statement paving the way for the surrender to Stalin at Yalta. The statement says America has felt the Polish boundaries should be left to the peace conference at the end of the war but that if "a mutual agreement is reached by the United Nations directly concerned, this Government would have no objection to such an agreement." This is a tip-off that if Stalin can put across his puppet government through the Lublin Committee, the United States can be counted on to approve the ultimate recognition of some sort of Lublin Government, modified, of course, to make it appear national.

Dec. 19, 1944—The Nazi offensive is costing tens of thousands of American casualties on the Western Front as Germany, knowing that Stalin has been stalling, takes advantage of the lull on the Eastern Front.

Dec. 19, 1944—A wave of criticism of Churchill sweeps the United States. The *New York Times* refers to the Churchill proposal on Poland editorially:

> "It must be admitted frankly that this is not the way border problems were to be settled, under the terms of the Atlantic Charter. This is not an idealistic settlement made 'in accord with the freely expressed wishes of the people concerned.' . . . We invite the attention of the Russian Government to the hazards of making decisions in a coalition war on the basis of unilateral action. This is isolationism. It engenders isolationism in others."

The *Times* says bluntly also that "agreement on the Curzon Line is apparently to be the 'go ahead' signal for a resumption of the battle in the East."

Dec. 19, 1944—Teamwork by President Roosevelt who backs up Churchill's "lapse of memory" statement. Churchill in his December 15th speech had said that "it must not be forgotten that words are inserted in the Atlantic Charter, 'No changes before the peace table, except changes mutually agreed'." Mr. Churchill next day said he was mistaken and that the words he quoted were somewhere in one of Mr. Hull's speeches. Anyway, Mr. Roosevelt now helps out by saying to a press conference that the Atlantic Charter was just a bunch of scribbled notes anyway and not a formal, signed document.

Dec. 21, 1944—Stalin sees his way out. Dispatches announce from London that Stalin is to install the Lublin Committee as the government of Poland.

Jan. 12, 1945—Stalin apparently decides he is tired of waiting for the concurrence of Mr. Roosevelt and that, since he has Mr. Churchill's backing, the Russians can resume their offensive and take the matter of a provisional government in their own hands.

February 1945—Mr. Roosevelt agrees at Yalta to the dismemberment of the territory of an ally—Poland.

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